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Dear Carla,

## **Consultation on greenhouse gas emissions reporting draft regulations for quoted companies**

Thank you for inviting us to comment on your consultation on the regulations for measuring and reporting of greenhouse gas emissions.

We note the requirement for all UK quoted companies to report greenhouse gas emission as part of their company's financial reporting requirements. We agree that this will have an effect of encouraging affected UK companies to obtain greater transparency on their emissions, which should include all motor vehicles being used for business use.

### **Scope 1 and 2 emissions**

Greater clarity is required as to what emissions are included in scope 1 and 2. We believe there should be clear confirmation that this will include emissions from any plant and machinery owned or controlled by the firm.

To help ensure the key policy aim of bringing greater transparency and accountability at a 'boardroom-level' it is vital that emissions from all plant or machinery (P&M) being used by the firm directly or on behalf of the firm in pursuit of its normal business, should be reportable irrespective of how the P&M is funded or whether the firm operating the P&M has legal title in the asset.

In other words the polluting company should be accountable for reporting green-house gases emitted as part of their business operations. This, for example, would include employees using their privately owned vehicles for business use. We believe this aspect is unclear in the current definition and that the explanatory notes in the regulation should confirm this or clarification from DEFRA should be provided, as this is the only sensible way to obtain certainty, clarity and comparability amongst firms.

### **British Vehicle Rental and Leasing Association**

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We would welcome clarity as to whether Scope 2 includes all forms of energy, such as electric and natural gases which are purchased to power motor vehicles used for business journeys.

We also believe that clarity is required on whether Scope 2 emissions includes all road fuel purchased (directly or indirectly) to power motor vehicles used for business trips.

We say this as often an employer will reimburse an employee for the cost of fuel used whilst using their privately or company owned vehicle for a business trip. The two most common method of reimbursement are the rates published by HM Revenue and Customs (HMRC) Authorised Fuel Rates (AFR) or Approved Mileage Allowance Payments (AMAP) and based on the Department for Transport national travel survey we estimate that over 8 million miles per annum are claimed through these routes.

It is vital for DEFRA to ensure that UK firms have clarity and certainty that all business related emissions are accurately reported. We would be grateful for clarity in this area again either from DEFRA or in the explanatory notes for the regulation.

### **Zero emitting vehicles**

Whilst we appreciate this is outside the scope as there is nothing in the regulations which you are consulting on we are of the view that for a period of time, perhaps through the use of a sunset clause, firms using zero emitting vehicles, such as an electric vehicle, should be able to obtain some positive recognition by a reduction in their overall reportable emissions. The department will be aware that a similar approach already exists across Europe for motor manufacturers who are able to obtain a 'triple' credit for every zero emitting vehicle produced as part of their mandatory CO<sub>2</sub> targets under Regulation (EC) No 443/2009 for setting emission performance standards for new passenger cars.

Offering firms a framework for positive recognition will aid the Government's wider environmental and sustainable policy objectives targeted at road transport. It is on this basis that we believe that DEFRA should consider allowing firms who are operating zero emission vehicles to offset this against at least three internal combustion engine vehicles on their fleet.

We would welcome the opportunity to discuss this in further detail and in particular support the development and operation of such a scheme.

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### **Implementation**

The current economic climate is making it costly for firms to implement and comply with new regulation. It is vital that DEFRA reflect how and when this regulation is phased in, and that the backdrop of the difficult trading conditions UK firms are facing. With this in mind, we feel that ample time should be given to firms to start developing a framework under which the reportable figures can be collated.

We therefore would support the proposal for the regulations to come into effect so that firms would be required to collect the necessary data required after 1 October 2013 so that that this data can then be formally reported on in their accounting period in 2014.

### **Closing comments**

We trust our comments add value to the development of the regulations for making greenhouse gas reporting mandatory under the Companies Act 2006.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jay Parmar', written in a cursive style.

**Jay Parmar**  
Legal and Policy Director

### ***Bona-fides BVRLA, the industry and its members***

- The BVRLA is the trade body for companies engaged in the leasing and rental of cars and commercial vehicles. Its members provide rental, leasing and fleet management services to corporate users and consumers. They operate a combined fleet of 2.5 million cars, vans and trucks, buying nearly half of all new vehicles sold in the UK.
- Through its members and their customers, the BVRLA represents the interests of more than two million business car drivers and the millions of people who use a rental vehicle each year. As well as lobbying the Government on key issues affecting the sector, the BVRLA regulates the industry through a mandatory code of conduct. [www.bvrla.co.uk](http://www.bvrla.co.uk)