



**The Quoted
Companies Alliance**

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Sam Balch
Defra
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ghgreporting@defra.gsi.gov.uk

7 August 2009

Dear Mr Balch,

Defra Consultation on draft guidance for how to measure and report your greenhouse gas emissions (June 2009)

INTRODUCTION

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation dedicated to promoting the cause of smaller quoted companies (SQC)s, which we define as those 2,000+ quoted companies outside the FTSE 350 (including those on AIM and PLUS) representing 85% of the UK quoted companies by number. Their individual market capitalisations tend to be below £500m.

The QCA is a founder member of European**Issuers**, which represents over 9,000 quoted companies in thirteen European countries.

RESPONSE

We welcome the opportunity to respond to this consultation. Please see our comments below.

Content of the guidance

We note that the draft guidance, the subject of this consultation, has been designed to be adopted by companies who wish to report their greenhouse gas emissions on a voluntary basis. The QCA has no specific comments on the draft guidance's content, given that reporting is not mandatory for the majority of its members at this stage.

We would, however, like to note that if this guidance were to be used as the basis for mandatory reporting, its requirements would need to be consistent with that which is required under other mandatory UK emissions reporting frameworks, such as the forthcoming Carbon Reduction Commitment (CRC). Consistency between both Defra's guidance and that of the CRC would decrease the monetary and time costs of compliance significantly for companies potentially captured under both schemes.

Introduction of mandatory reporting requirements

Some QCA members fall within the definition of "quoted companies" in section 385 of the Companies Act 2006 ("CA 2006"), and so are already required to report environmental matters in their business review under section 417 of the CA 2006, to the extent that the reporting of environmental matters is necessary for an understanding of the development, performance or position of the company's business.

We are keen not to see an increase in mandatory reporting of environmental matters and so agree with the approach outlined in the impact assessment, which favours publishing guidance on how to measure and report greenhouse gas emissions for voluntary reporting over introducing regulations making it mandatory for companies to measure and report their greenhouse gas emissions. We believe that voluntary greenhouse gas reporting would be more successful, as market forces would encourage more companies to report on their emissions as 'best practice'.

If mandatory reporting on greenhouse gas emissions were to be pushed forward, we emphasise the need for it to be done in a proportionate manner. Also, any proposal for mandatory reporting must be backed up by a properly carried out impact assessment with a rigorous cost-benefit analysis that carefully looks at the costs of compliance for varying sizes of companies and those companies' actual amount of emissions produced.

Our members, smaller quoted companies, have limited resources to deal with any additional emissions/environmental reporting and represent only a small percentage of the UK's overall emissions. As such, we would like to see SQCs excluded from any mandatory requirements, especially in any initial roll-out.

The QCA would be interested in being invited to respond to any consultation around the introduction of mandatory reporting requirements of greenhouse gas emissions under the Companies Act 2006, in order to assess the impact of proposed mandatory reporting requirements which may be proposed to apply to its members.

If you wish to discuss these issues with us, we will be pleased to attend a meeting.

Yours sincerely,

A handwritten signature in black ink that reads "John Pierce". The signature is written in a cursive style and is underlined with a single horizontal line.

John Pierce
Chief Executive

THE QUOTED COMPANIES ALLIANCE LEGAL COMMITTEE

Nicholas Narraway (Chairman)	Moorhead James LLP
Chris Barrett	Bird & Bird
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Matt Bonass*	Denton Wilde Sapte
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THE QUOTED COMPANIES ALLIANCE (QCA)

A not-for-profit organisation funded by its membership, the QCA represents the interests of SQCs, their advisers and investors. It was founded in 1992 and originally known as CISCO.

The QCA has nearly 400 members. 75% of these are smaller companies quoted on the stock market, or companies with aspirations to join. 25% are drawn from the full range of professional advisory firms whose business is either wholly or significantly derived from servicing smaller companies.

The QCA is governed by an elected Executive Committee, and undertakes its work through a number of highly focussed, multi-disciplinary committees and working groups of members who concentrate on specific areas of concern, in particular:

- taxation
- introduction of, or changes to, legislation affecting SQCs
- corporate governance
- share schemes for employees
- trading, settlement and custody of shares
- structure and regulation of stock markets for SQCs; Financial Services Authority (FSA) consultation
- political liaison – briefing and influencing Westminster and Whitehall, the City and Brussels
- accounting standards proposals from the Accounting Standards Board
- company law reform

The QCA is a founder member of **EuropeanIssuers**, which represents over 9,000 quoted companies in twelve EU member states.

QCA's AIMS

As the only organisation dedicated solely to the particular interests of the SQC sector, the QCA has three primary goals:

Identification

To create a distinct identify for the SQC sector, and demonstrate its value to the stock markets and the UK economy.

Representation

To pro-actively pursue and represent the interests and requirements of the SQC sector to enable it to increase its contribution and ensure that its specific needs are addressed.

Affiliation

To build a strong and vocal collective body of support from within the SQC sector, among corporate directors and securities industry leaders.

DEFINITION

The Quoted Companies Alliance definition of Smaller Quoted Companies (SQC) is:

- all fully listed companies – excluding the top 350 ie with market cap of £340m+
- plus companies quoted on AIM
- plus companies quoted on PLUS

The QCA also represents companies planning to float.

SQCs contribute to the economy:

- there are approximately 2,000 SQCs
- they represent around 85% of the total of quoted companies by number
- they employ 2 million people
- this figure represents around 10% of total private sector employment
- every 5% growth in the SQC sector could reduce UK unemployment by a further 100,000
- They generate:
 - corporation tax paid of £2.0 billion pa
 - income tax paid of £5.0 billion pa
 - social security paid of £2.0 billion pa

The tax figures exclude business rates, VAT and other indirect taxes.

For more information contact:

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