Business Goals and Inventory Design

Improving your understanding of your company's GHG emissions by compiling a GHG inventory makes good business sense. Companies frequently cite the following five business goals as reasons for compiling a GHG inventory:

- Management of GHG risks and identifying reduction opportunities
- Public reporting and participation in GHG programs
- Participation in mandatory reporting programs
- Participation in GHG markets
- Recognition for early voluntary action

Compiling a comprehensive GHG inventory improves a company's understanding of its emissions profile and any potential GHG liability or "exposure." A company's GHG exposure is increasingly becoming a management issue in light of heightened scrutiny by the insurance industry, shareholders, and the emergence of environmental policies designed to reduce GHG emissions. In this context, significant GHG emissions in a company's value chain may result in increased costs (upstream) or reduced sales (downstream). Thus, investors may view significant indirect emissions upstream or downstream of a company's operations as potential liabilities that need to be managed and reduced. A limited focus on direct emissions from a company's own operations may miss major GHG risks and opportunities, while leading to a misinterpretation of the company's actual GHG exposure.

In general, what gets measured gets managed. Accounting for emissions can help identify the most effective reduction opportunities. This accounting can drive increased materials and energy efficiencies as well as the development of new products and services that reduce the GHG impacts of customers or suppliers. This can, in turn, reduce production costs and help differentiate the company in an increasingly environmentally conscious marketplace. Conducting a rigorous GHG inventory is also a prerequisite for setting an internal or public GHG reduction target and for subsequently measuring and reporting progress.