

Extreme weather events drive climate change up boardroom agenda in 2012
Carbon Disclosure Project Global 500 Report

London, UK. 12 September 2012. Following increasing incidents of extreme weather events which disrupted business operations and supply chains around the world, climate change has climbed the boardroom agenda, according to the [Carbon Disclosure Project](#) (CDP) Global 500¹ Climate Change report released today. With the hottest US summer on record, fires in Russia and flooding in the UK, Japan and Thailand, among other events, 81% of reporting companies now identify physical risk from climate change, with 37% perceiving these risks as a real and present danger, up from 10% in 2010.

The CDP report, co-written by professional services firm PwC on behalf of 655 institutional investors representing \$78 trillion in assets, provides an annual update on greenhouse gas emissions data and climate change strategies at the world's largest public corporations. This year has seen a 10% increase year-on-year in companies integrating climate change into their business strategies (2012: 78%, 2011: 68%), contributing to a 13.8% reduction in reported corporate greenhouse gas emissions from 3.6 billion metric tons in 2009 as the financial slowdown began to take hold, to 3.1 billion metric tons in 2012. The fall is equivalent to closing 227 gas-fired power stations or taking 138 million cars off the road. A third of companies (31%) however reported no emissions reductions at all.

“Extreme weather events are causing significant financial damage to markets,” says **Paul Simpson, CEO of the Carbon Disclosure Project**, “Investors therefore expect corporations to think more about climate resilience. There are still leaders and laggards but the economic driver for action is growing, as is the number of investors requesting emissions data. Governments seeking to build strong economies should take note.”

A further round of government talks to reduce carbon emissions long-term will take place at the end of November in Doha, Qatar. The average longer-term target for companies' emissions reductions is currently only 1% per year, well below the 4% required by countries to limit global warming to 2 degrees, according to analysis by PwC.

Malcolm Preston, global lead, sustainability and climate change, PwC says: “Even with progress year on year, the reality is the level of corporate and national ambition on emissions reduction is nowhere near what is required. The new ‘normal’ for businesses is a period of high uncertainty, subdued growth and volatile commodity prices. If the regulatory certainty that tips significant long term investment decisions doesn't come soon, businesses' ability to plan and act, particularly around energy, supply chain and risk could be anything but ‘normal’.”

The CDP report features emissions data from 379 companies and rates them according to their climate change transparency with the best disclosers entering CDP's Carbon Disclosure Leadership Index (CDLI)². CDP then assesses companies according to the scale and quality of their emissions reductions and strategies, and ranks these according to performance bands. The best performers enter CDP's Carbon Performance Leadership Index (CPLI). The indices are used by investors to assess corporate preparedness for national or international emissions regulation and to guide investment decisions.

Analysis of the companies that have entered the CDLI and CPLI in the past suggests that organizations achieving leadership positions on climate change generate superior stock performance³.

¹ The Global 500 are the largest companies by market capitalization included in the FTSE Global Equity Index Series.

² 405 companies, representing 81% of the Global 500, responded to the 2012 request for information; due to late submissions, the report contains analysis of 379 responses

³ Performance of CDLI and CPLI companies is calculated on an equally weighted basis relative to the FTSE Global Equity Index Series and re-balanced annually on October 1st. Therefore the 2012 CDLI and CPLI companies are not included in this analysis. Note Results presented should not and cannot be viewed as an indicator of future performance.

Climate disclosure leaders

Companies on the CDLI are responding to market demand and improving their climate accountability, achieving higher average disclosure scores year-on-year. This year, two companies achieved the maximum carbon disclosures scores of 100: German pharmaceuticals company Bayer and the consumer goods giant Nestle of Switzerland (see **Notes to Editor** for breakdown of CDLI companies by country).

While US companies dominate the CDLI, German companies are proportionally over-represented in the index, as are companies from Finland, Spain and the Netherlands. France, Japan and the United Kingdom are under-represented.

Climate performance leaders

Companies in the CPLI (see **Notes to Editor** for breakdown of CPLI companies by country) tend to think long-term about climate change strategy: 55% of CPLI companies identify climate-related risks beyond a ten year timeframe (compared with 29% of non-CPLI companies) while 85% are investing in emissions reduction activities with a payback of more than three years (compared with 60% of non-CPLI companies).

World's top ten companies on disclosure and performance

Combining both indices establishes the world's best companies in terms of climate change disclosure and performance. German companies dominate the top ten table.

| World's Top Ten Companies on CPLI and CDLI | | | |
|--------------------------------------------|-------------|------------------|------------------|
| Company Name | Country | Performance Band | Disclosure Score |
| Bayer | Germany | A | 100 |
| Nestle* | Switzerland | A | 100 |
| BASF* | Germany | A | 99 |
| BMW | Germany | A | 99 |
| Gas Natural SDG* | Spain | A | 99 |
| Diageo* | UK | A | 98 |
| Nokia Group* | Finland | A | 98 |
| Allianz Group* | Germany | A | 97 |
| UBS* | Switzerland | A | 97 |
| Panasonic* | Japan | A | 96 |

* New entrants in 2012 to Carbon Disclosure Projects' Top Ten List

The world's largest non-responders to CDP's request for emissions this year were Apple Inc., Berkshire Hathaway, Royal Bank of Canada, Caterpillar Inc., Amazon.com Inc., Comcast Corporation, America Movil, Lukoil, Bank of China, National Oilwell Varco, Inc.

Today – CDP's virtual Global Climate Change Forum featuring some of the world's foremost climate change leaders. Journalists can register to view the event online through the [CDP website](#). The discussion will take place at the following times: San Francisco 06:00 – 7:30 / New York 09:00 – 10:30 / Sao Paulo 10:00 – 11:30 / London 14:00 – 15:30 / Bonn 15:00 – 16:30

Emissions data on all companies responding to CDP can be found in the appendix of the report at <https://www.cdproject.net/en-US/Pages/global500.aspx>. Individual public company responses to CDP can be downloaded at <https://www.cdproject.net/en-US/Results/Pages/responses.aspx>.

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Note to Editors

About CDP

The Carbon Disclosure Project (CDP) is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. CDP harnesses the power of market forces, including 655 institutional investors with assets of US\$78 trillion, to collect information from companies on their greenhouse gas emissions and assessment of climate change and water risk and opportunity. CDP now holds the largest collection globally of primary climate change and water data and puts these insights at the heart of strategic business, investment and policy decisions. Please visit www.cdproject.net to find out more.

About PwC

PwC firms provide industry-focused assurance, tax and advisory services to enhance value for their clients. More than 161,000 people in 154 countries in firms across the PwC network share their thinking, experience and solutions to develop fresh perspectives and practical advice. See pwc.com for more information. PwC's sustainability and climate change is a global network of 700 people. PwC are a leading adviser on sustainability, climate change and green growth working with clients in the public, private and not for profit sectors internationally, helping them to embed sustainability in their strategies and throughout their organisations. For more information, visit www.pwc.co.uk/sustainability

2012 Carbon Disclosure Leadership Index (CDLI)

| Country | Companies |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| France | Danone, Saint-Gobain, L'Oreal |
| Germany | Bayer, BASF, BMW, Daimler, Siemens, Allianz, Deutsche Post |
| Japan | Sony, Panasonic, Honda |
| Netherlands | Philips, KPN |
| Spain | Gas Natural, Repsol, Iberdrola |
| Switzerland | Nestlé, UBS, Swiss Re, Ace |
| United Kingdom | Diageo, Centrica, Anglo American |
| USA | Microsoft, UPS, Hess, TJX Companies, Cisco Systems, Gilead Sciences, Coca-Cola, Air Products and Chemicals, AT&T, CSX, Goldman Sachs, Google, Home Depot, News Corporation, Spectra Energy, Wells Fargo, E.I. du Pont de Nemours, Exelon, PepsiCo |
| Other | Power Assets Holdings (China), Fortum (Finland), Nokia (Finland), Anglo Platinum (SA), Wipro (India), POSCO (South Korea), Samsung (South Korea) |

2012 Carbon Performance Leadership Index (CPLI)

| Country | Companies |
|----------------|-------------------------------------------------------------------------------------|
| Australia | National Australia Bank, Westpac |
| France | AXA, France Telecom, Schneider Electric |
| Germany | Allianz, BASF, Bayer, BMW, Deutsche Bank |
| Japan | Mizuho Financial Group, Panasonic |
| Netherlands | KPN, Unilever (UK/ Netherlands) |
| Spain | Gas Natural, Iberdrola |
| Switzerland | Nestle, UBS |
| UK | Anglo American, Diageo, Reckitt Benckiser, Unilever (UK/ Netherlands) |
| USA | Ace, Allergan, Bank of America, Exelon, Intel, Lockheed Martin, Pfizer, Wells Fargo |
| Other | Bank of Montreal (Canada), Eni (Italy), Intesa Sanpaolo (Italy), Nokia (Finland) |

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