Carbon Disclosure Project Global 500 Report – 2012
Summary highlights

Overall emissions

- While some companies are beginning to implement actions to support long-term strategies, projections show that companies are not matching the global scale of ambition for emission reductions targets as established by governments.
- Since 2009 total reported Scope 1 emissions have fallen from 3.4 billion metric tons CO2e to 3.1 billion metric tons CO2e in 2012.

Economic conditions & emissions

Reported Scope 1 emissions have declined for the third year in a row, with a pattern that appears to reflect the economic crisis.

- Fewer than half of responding companies report a decline in their emissions solely attributable to emission reductions activities, prompting the possibility of a rise in emissions globally with economic recovery.
- Only 40% of respondents note a decrease in their emissions which was exclusively attributable to emission reduction activities.

Global emissions reduction target & corporate performance

- PwC analysis of current emissions trends and pledges shows that absolute emissions reductions of around 4% per year from 2020 to 2050 will be required if the aim of limiting warming to 2°C, as agreed at COP17, is to be achieved.
- 20% of reporting companies have set targets to 2020 and beyond. The average of the longer term absolute targets outlined by CDP respondents is drastically too low, at around a 1% reduction per year.

Extreme weather events

Increasing incidents of extreme weather globally are helping to keep climate change on the board room agenda.

- 81% of companies now report physical risks (2011: 71%).
- The percentage of companies reporting physical risk as current has jumped significantly from 10% in 2010 to 30% to 37% in 2012.

Boardroom focus & business strategy

- 96% of companies report board or senior executive oversight of climate change (2011: 93%).
- 78% of respondents have integrated climate change into their wider business strategy (up from 68% in 2011).
- 94% of the companies listed on the 2012 Carbon Performance Leadership Index (CPLI) state that their long term strategy has been influenced by climate change, this compares to 54% of the Global 500.

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The future

- 48% of responding companies have identified the potential for new products and business services in response to climate change but just 21% of companies report a dedicated budget for low carbon product research and development (2011: 19%).
- The percentage of CPLI companies that can identify climate-related risks beyond a ten year timeframes is almost double that of non-CPLI companies (55% vs. 29%).
- The percentage of CPLI companies that can identify opportunities with timeframes of more than 10 years is double that of the Global 500 average (30% vs. 15%).
- A larger proportion of CPLI companies (85% vs. 60%) are able to raise investment for emission reductions activities with a payback longer than 3 years.

Stock performance

The report's analysis suggests that companies achieving leadership positions on climate change generate superior stock performance.

- An investment in a basket of stocks of CDLI companies following the publication of CDP's global report each year since 2006 and rebalanced on an annual basis to reflect that year's CDLI would have generated total returns of 67.4%, more than double the 31.1% return of the Global 500. Moreover, past CPLI companies generated average total returns of 15.9% since 2010, more than double the 6.4% return of the Global 500.

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