

14 September 2011 09.01 Australian Eastern Standard Time

Carbon Disclosure Project Global 500 report: Commercial interests driving greenhouse gas emissions reductions at world's largest companies

Sydney, Australia, 14 September 2011. While Australia debates carbon pricing, the world's largest listed companies are increasingly embracing climate change policies, a major global report has shown.

The 10th annual Carbon Disclosure Project (CDP) Global 500¹ report, which examines the carbon reduction activities of the world's largest listed companies and is being released tonight, revealed that an in-depth analysis of 396 of the world's largest companies² shows that 68% have climate change at the heart of business strategies, up from 48% in 2010.

The report, named *Accelerating Low Carbon Growth* and written by global accountancy firm PwC on behalf of CDP, also shows a significant rise in the number of companies reporting reduced greenhouse gas emissions as a result of various emissions reduction activities (45%, up from 19% in 2010).

A correlation was also established between higher stock market performance over time, and representation on CDP's Carbon Performance Leadership Index (CPLI) and the Carbon Disclosure Leadership Index (CDLI). Companies with a strategic focus on climate change provided investors with approximately double the average total return of the Global 500 from January 2005 to May 2011.

James Day, CDP Director for Australia and New Zealand, said the results highlighted that despite all the debate in Canberra, emission reductions are being made in large companies throughout the world.

"This is the first time in the report's ten year history that the majority of responding companies have climate change actions embedded into their business strategies, as a result of growing Board-level awareness of the link between energy efficiency and increased profitability," Mr Day said.

"It's no longer a question of whether something should be done. Emission reductions are being implemented now by the directors and executives of the biggest companies in the world. Companies are acting for a variety of reasons, ranging from the need to reduce risks and reduce costs, to identifying new business opportunities in the transition to a low carbon economy."

The report shows that Australia is performing well on the global stage with Westpac Banking Corporation in the top ten companies recognised in both the Carbon Disclosure Leadership Index and the Carbon Performance Leadership Index. National Australia Bank (NAB) was also recognised in both the Carbon Disclosure Leadership Index and the Carbon Performance Leadership Index. Both of these banks have been recognised in the Carbon Disclosure Leadership Index for four consecutive years (2008-11). Commonwealth Bank of Australia also featured this year in the Carbon Performance Leadership Index. Thirteen Australian businesses were of sufficient size to be included in the report. A detailed report on the disclosures made by ASX200 companies to investors will be released in November.

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

² 404 companies, representing 81% of the Global 500, responded to the 2011 request for information but, due to late submissions, the report contains analysis of 396 responses

Paul Verschuier, Managing Director, FX and Commodities, Westpac Institutional Bank, said: "Managing the risks and opportunities posed by climate change will be a defining factor in achieving long term profitability for business in the 21st century. Westpac's leadership in sustainability, our financial markets expertise and hand-on experience in reducing our own emissions by more than 40% over 15 years, places us in an excellent position to deliver the practical solutions our clients need to transition to a carbon constrained economy" .

Michaela Healey, NAB's Company Secretary and Chair, Group Climate Change and Environment Committee, said: "NAB believes that it is important to play a meaningful role in shaping effective solutions to climate change. In 2010, we became the first major Australian bank to achieve carbon neutral certification from the Australian Government. Incorporating an internal carbon price to our business cases for energy efficiency and fuel switching projects in Australia has helped us to drive energy efficiency and emission reductions. We have also developed programs to encourage our employees and suppliers to reduce their environmental impact. This experience has enabled commercial opportunities for financing low carbon growth and for providing specialist environmental products and services for our customers."

Paul Simpson, CEO of the Carbon Disclosure Project, said: "The improved financial performance of companies with high carbon performance is a clear indicator that it makes good business sense to manage and reduce carbon emissions. This is a win-win for business – the short ROI many emissions reducing activities have, can help increase profitability. Companies yet to take action on climate change will have to work hard to remain competitive as we head towards an increasingly resourced constrained, low carbon economy."

Alan McGill, partner, sustainability and climate change, PwC said: "Historical financial performance is being exposed by climate change as an outdated model to assess long term business profitability and growth, when you consider the much wider range of financial and non-financial risks associated with business today. Today's investors have different information needs, which are leading to tougher verification regimes, more emphasis on executive and staffing responsibilities and incentives, and much more unforgiving examinations of the contribution of business to society. We are accelerating towards newer reporting models that better balance financial and non-financial performance."

Rising oil prices, energy supply risks and growing recognition of the commercial returns on investments in emissions reduction activities contributed to the growth in importance of climate change as a boardroom issue. Over half (59%) of reported emissions reduction activities delivered payback in three years or less according to company submissions. These include energy efficiency projects (building fabric, building services and processes), low carbon energy installations and staff behavioural change. Employee incentives to reduce emissions are now offered by 65% of companies, compared with 49% in 2010.

The Global 500 report will be launched later today at the CDP Global Forum, an international gathering of business, financial and political leaders to drive discourse and share transformative best practice for forging sustainable, profitable, business growth. Visit the [CDP website](#) for a full list of participants.

Additional report information:

The Carbon Performance Leadership Index and Carbon Disclosure Leadership Index are revised annually based on company submissions and present the leaders of the Global 500 in carbon performance and disclosure respectively. **The top 10 best performing companies on both measures this year are:**

Sector	Company	Carbon Disclosure Score	Carbon Performance Band
Consumer Discretionary	Philips Electronics	99	A
Consumer Discretionary	BMW	96	A
Consumer Discretionary	Honda Motor Company	95	A
Consumer Staples	Tesco	97	A
Financials	Bank of America	97	A
Financials	Westpac Banking Corporation	96	A
Health Care	Bayer	99	A
Information Technology	Cisco Systems	98	A
Information Technology	SAP	96	A
Information Technology	Sony Corporation	94	A

Other key report findings:

- 73% of Global 500 respondents reported emissions reduction targets, up from 65% in 2010
- The majority of respondents (93%) reported Board or senior executive oversight for climate change (up from 85% in 2010) demonstrating the importance of climate change as a management issue
- Over 30 new companies targeted by CDP's Carbon Action request* (see notes to Editors) have now set reduction targets, implying growing recognition by companies of the commercial benefits of emissions target setting
- Utilities is the sector with the best average climate change performance (Band B)
- Telecommunications is the only sector not represented in the CPLI this year; a surprising finding given expectation that this sector will support emissions reduction activities
- The energy sector lags others sectors with the lowest proportion of companies setting targets (55%) and underrepresentation in both the CDLI and CPLI
- Just 37% of respondents currently verify their emissions to acceptable standards, despite the importance of providing investors with validated climate data

Scores of the thirteen Australian listed companies included in the Global 500 report:

Company Name	Carbon Disclosure score	Carbon Performance Band
Australia and New Zealand Banking Group	89	B
BHP Billiton	73	B
Commonwealth Bank of Australia	89	A
CSL Limited	72	D
National Australia Bank	91	A
Newcrest Mining Ltd	59	E
QBE Insurance Group	47	
Telstra Corporation Limited	70	D
Wesfarmers Ltd	66	B
Westfield Group	74	C
Westpac Banking Corporation	96	A
Woodside Petroleum	68	B
Woolworths Limited	80	B

Largest Global 500 non-responding companies in 2011:

Sector	Company	Country
Consumer Discretionary	Amazon.com	USA
Energy	Rosneft	Russia
Financials	Bank of China	China
Financials	Berkshire Hathaway	USA
Financials	China Life Insurance	China
Financials	Sberbank	Russia
Industrials	Reliance Industries	India
Information Technology	Apple	USA
Telecommunications	America Movil	Mexico
Telecommunications	China Mobile	China

Note to Editors:

* CDP's Carbon Action initiative launched in 2011. A request was sent to the Global 500 on behalf of a vanguard group of 34 investors with US\$7.6 trillion in assets asking companies to implement greenhouse gas emissions reduction targets and cost effective reduction activities.

About CDP

The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation holding the largest database of primary corporate climate change and water information in the world. Some 3,000 organisations across the world's largest economies now measure and disclose their greenhouse gas emissions, water usage and assessment of climate change and water risk and opportunity through CDP, in order that they can set reduction targets and make performance improvements. This data is gathered on behalf of over 550 institutional investors with US\$71 trillion in assets under management, and over seventy

purchasing organisations and government bodies and then made available for integration into business and policy decision making. For more information, visit www.cdproject.net

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

For more information, please contact:

Australia

Christine Law (Ogilvy PR)

T: +61(0)2 8281 3256 / M: +61 (0)414 810 894

E: christine@howorth.com.au

James Day

T: +61 (0)2 8213 2452 / M: +61 (0)434 194 705

E: james.day@cdproject.net

International

Catherine von Altheer

T: +44 (0)20 7970 5682 / +44 (0) 7794 430962

E: catherine.vonaltheer@cdproject.net

Lisa Lee

T: +44 (0) 20 7415 7196 / +44 (0) 7554 430 962

E: lisa.lee@cdproject.net

Rowena Mearley (PwC)

T: +44 (0)20 7 213 4727 / +44 (0)7841 563 180

E: rowena.mearley@uk.pwc.com