

Corporate Response to Climate Change

September 28, 2007 · Filed under [Consumerism](#), [Industry](#) by [Andy Chrysostomou](#)



The corporate world has never been the environment's friend, but now at least some of the world's biggest corporations are taking positive steps to reduce their greenhouse gas emissions. According to the Carbon Disclosure Project's (CDP) fifth annual report, 76% of the 383 FTSE 500 companies that responded have implemented emissions reduction schemes, up from 48% last year. Even more encouraging is that 80% of public-owned companies that responded to the survey said they see climate change as presenting both risks and opportunities for their business, and 95% of these that see climate change as a potential risk have put in place specific programs to reduce their emissions within set timelines and targets. What is rather worrying is that these 383 companies produce nearly 7 billion tonnes of greenhouse gas emissions annually, which equates to 14% of all emissions created by humans globally.

At the other end of the 'green' scale, the report found that 20% of companies failed to disclose their response to climate change when asked to do so by shareholders, and of these companies, many believe that it is not the responsibility of senior management to address climate change. A report on major U.S. firms found that only 29% of respondents have taken any steps to reduce their greenhouse gas emissions. The U.S. corporate world, much like president Bush's administration is lagging behind the rest of the world on the vitally important issue of climate change.

The CDP is a made up of 315 institutional investors world-wide, and is based in New York. On September 24th, the CDP launched a Climate Disclosure Index to highlight the companies in the FTSE 500 that are taking the lead on not only disclosing their emission levels, but actually taking concrete action to reduce them. With assets of \$41 trillion, the CDP is a powerful player in the corporate finance world. The CDP's chief executive officer, Paul Dickinson, said "Increasingly, investors view good carbon management as a sign of good corporate management. As CDP data plays an increasingly important role in informing investors on a company's approach to climate change, the pressure is increasing on companies to respond. And by moving CDP data collection into company supply chain management, CDP's reach will grow enormously." ([The Guardian](#)). That should send a strong message to those firms that are choosing to ignore their corporate responsibility for the emissions they produce.

Another index to help potential investors put their money in ‘green’ companies was launched recently by the HSBC. This index highlights 300 companies from 34 countries that are in a position to profit from climate change, and hence their share value is set to increase. The main index has four sub-indices:

- Climate change index, which will track the 50 largest companies from the 300
- Low carbon energy production index, including solar, wind, biofuels and geothermal
- Energy efficiency and energy management index
- Water, waste and pollution control index

Stephen Green, HSBC Chairman said: “In developing tailored climate indices we are providing real investment solutions which enable our clients to incorporate climate change into their investment decisions.”([The Telegraph](#)).

We all have the ability to reduce greenhouse gas emissions, both our own and those of the companies we do business with. We can, and should, choose to change our lifestyles to reduce our own personal emissions as a matter of urgency. But, we can also choose to use our money to reduce emissions by buying from and investing in companies that are doing as much as they can to reduce their emissions. As consumers and investors we have the power to change not only the corporate world, but our own world. It is simply a case of enough people choosing to do so.