

# Benefits of responding to CDP

CARBON DISCLOSURE PROJECT

**Wai-Shin Chan, CFA**  
*Development Director*  
23<sup>rd</sup> March 2009

Carbon Disclosure Project  
Report 2008  
Asia ex-Japan

On behalf of 385 investors with assets of \$57 trillion



Association for Sustainable & Responsible Investment In Asia



Report written by ASrIA



ASrIA project work funded by

The Sigrid Rausing Trust

# Carbon Disclosure Project – an opportunity

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- Demand is there and it is growing
  - Information on risks & opportunities
- CDP 2008 data shows:
  - Carbon data is generally scarce
  - The quality of information is low but improving
- You don't have to report everything
  - Something is better than nothing
  - No punishment or criticism for under reporting



# Carbon Disclosure Project – What has changed?

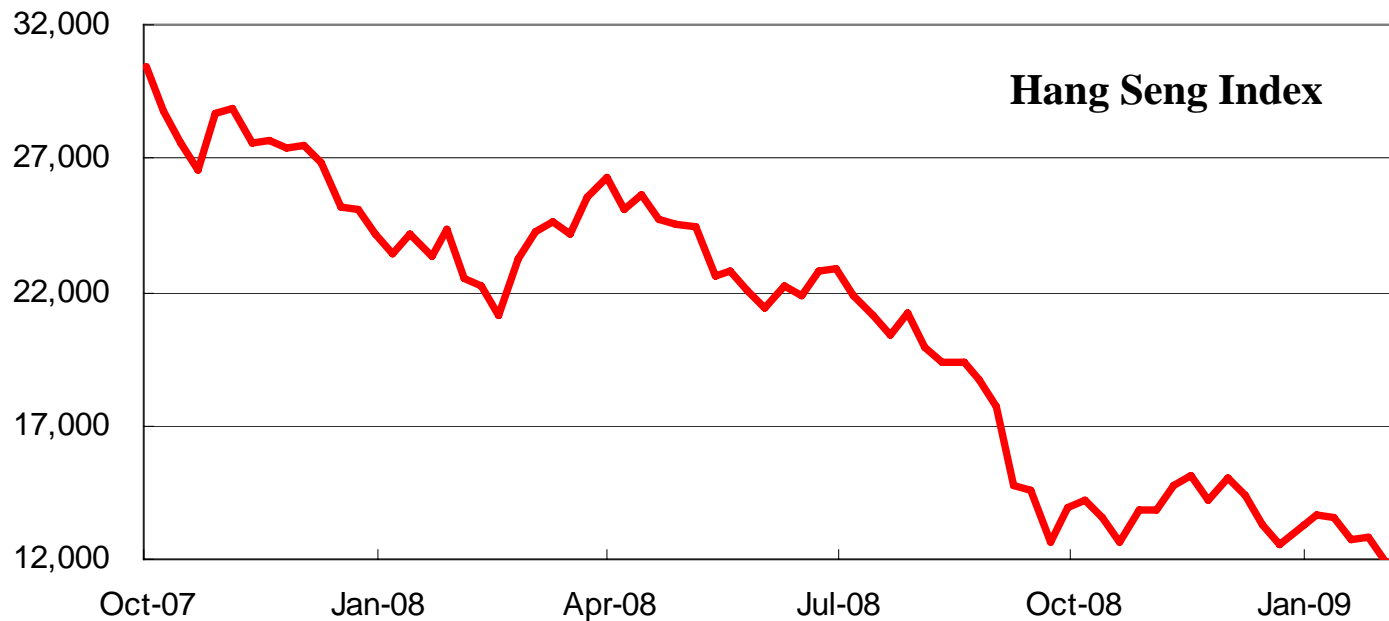
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White House Photo 10<sup>th</sup> March 2009 by Pete Souza

# Carbon Disclosure Project – What has changed?

- 🌐 Regulation has changed
  - 🌍 Globally and in Asia
- 🌐 Markets have changed



Source: Yahoo Finance



# Carbon Disclosure Project – What has changed?

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- 🌐 Regulation has changed
  - 🌍 Globally and in Asia
- 🌐 Markets have changed
- 🌐 Public perception has changed
  - 🌍 Attention is growing
  - 🌍 COP15 in Copenhagen

“President Obama and I share a fundamental commitment -- 2009 must be the year of climate change. That means reaching a comprehensive agreement in Copenhagen by year's end.”

- U.N. Secretary-General Ban Ki-moon, *12th March 2009*

# Carbon Disclosure Project – 2008 highlights (1)

**Taiwan**  
Yuanta Financial Holdings  
AU Optronics  
China Steel  
Asustek Computer Inc  
Acer Inc.  
Chi Mei Optoelectronics Corporation  
Compal Electronics  
Delta Electronics  
Foxconn Technology  
High Tech Computer  
Hon Hai Precision Industry Company Ltd  
Siliconware Precision Industries Co Ltd  
Taiwan Semiconductor Manufacturing  
United Microelectronics

**Singapore**  
City Developments Ltd  
Singapore Airlines Ltd  
Wilmar International Ltd  
CapitaLand Ltd  
Overseas Chinese Banking

**Thailand**  
PTT  
PTT Exploration & Production

**Malaysia**  
Malayan Banking

**Indonesia**  
PT Astra International Tbk

**Hong Kong**  
Cathay Pacific Airways Ltd  
MTR Corp  
CNOOC  
China Merchants Holdings Company Ltd  
Cosco Pacific  
Hang Seng Bank  
Sino Land Company Ltd  
Swire Pacific Ltd  
CLP Holdings  
Hong Kong Electric Holdings Ltd

Source for all: ASrIA

## Carbon Disclosure Project – 2008 highlights (2)

|  |                      |     |
|--|----------------------|-----|
| Companies surveyed                             | 220                  |     |
| Response rate                                  | 28%                  |     |
| Highest response by country                    | Taiwan               | 44% |
|  | Korea                | 33% |
|  | Singapore            | 31% |
| Country with largest # of new respondents      | Taiwan               |     |
| Respondents with emission disclosures          | 24                   |     |
| Country with largest # of emission disclosures | Taiwan               |     |
| Respondents with registered CDM projects       | 7                    |     |
| Most comprehensive response                    | CLP                  |     |
| Largest new respondent                         | China Shenhua Energy |     |

Source: ASrIA

# Carbon Disclosure Project – 2008 highlights (3)

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Waiting for Insight on Carbon Caps

Companies Disclosing Water and Energy as a % of Operational Costs

Companies with Reporting Work in Progress

Companies reporting emissions data

*Companies beginning to link carbon impacts to capex decisions*

Climate Initiatives

Company CDM Initiatives



Source for all: ASrIA

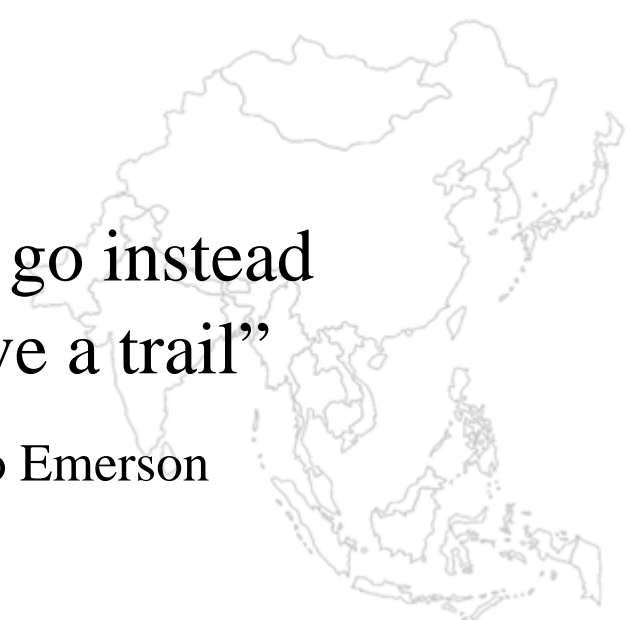
# Carbon Disclosure Project – 2009 has begun

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- No one wants to be last
  - Perceived as not trying
- Best in class
  - No judgement on sector

“Do not go where the path may lead, go instead where there is no path and leave a trail”

- Ralph Waldo Emerson



# Carbon Disclosure Project – 2009 has begun

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- No one wants to be last
  - Perceived as not trying
- Best in class
  - No judgement on sector
- This is an opportunity
  - Differentiate



# Carbon Disclosure Project – Benefits of responding (1)

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- 🌐 Find inefficiencies
- 🌐 Find risks
  - 🌱 Regulatory
  - 🌱 Reputational
  - 🌱 Physical

“...we should be understanding how we got ourselves into this difficulty in the economic crisis. It was by ignoring risk. It was by not understanding what was going on. It was by postponing action.”

- Nicholas Stern (*McKinsey Quarterly*, 1Q09)

# Carbon Disclosure Project – Benefits of responding (2)

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- 🌐 Marketing tools
- 🌐 Target setting
- 🌐 Index entry
- 🌐 Carbon trading



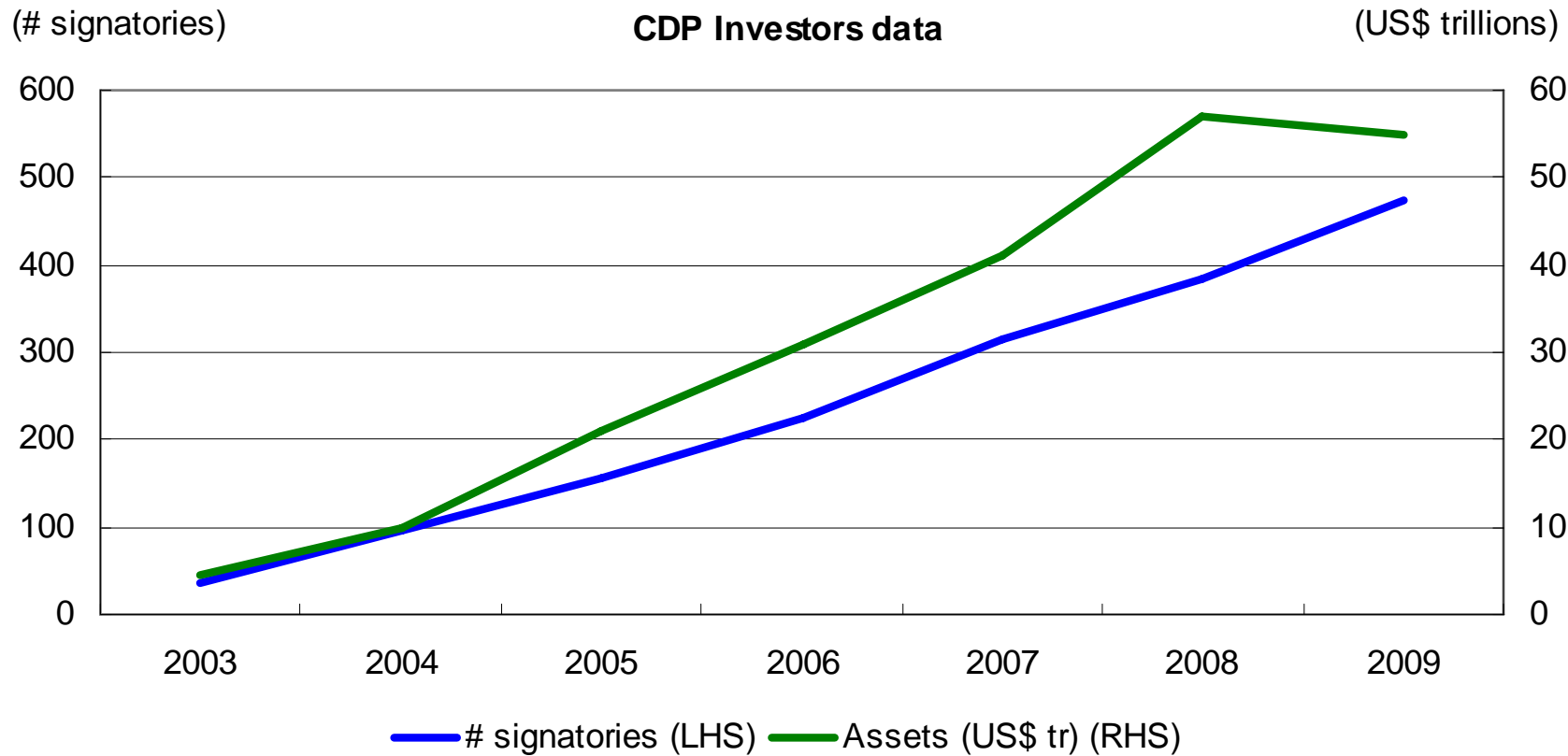
# Carbon Disclosure Project – Links to ESG

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- 🌐 Environment, Social, Governance
  - 🌐 Extra-financial reporting
- 🌐 ESG shows management quality
- 🌐 Asia ‘perceived’ as lagging in ESG
- 🌐 ESG dialogue increasing
- 🌐 Investor interest increasing



# Carbon Disclosure Project – Investor use of CDP data



Source: ASrIA

# Carbon Disclosure Project – Investor use of CDP data



- 77% of respondents said they factor climate change information in investment decisions and asset allocation
- Nearly half (46%) consider climate change as very important relative to other issues affecting the portfolio

# Carbon Disclosure Project – Where to focus

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- 🌐 Corporate strategy
  - 🌱 Long term, not short term
- 🌐 Relevance to your business

**Airline - Fuel efficiency**

**Tech company - Water usage**

**Power plant - Emissions**



# Carbon Disclosure Project – Where to focus

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- 🌐 Corporate strategy
  - 🌱 Long term, not short term
- 🌐 Relevance to your business
- 🌐 Management involvement is KEY!
  - 🌱 It is an OPPORTUNITY
- 🌐 Projects *within* the company
  - 🌱 Start with a division or a segment



# Carbon Disclosure Project – Go from here....

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- 🌐 Start NOW, 2009.
  - 🌱 Start Now
- 🌐 You are not alone - help is available
- 🌐 Past papers - can be found on CDP, ASrIA websites
- 🌐 There is a deadline - it is 31<sup>st</sup> May
- 🌐 ASrIA - here to help....





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*Thank you!*

*Q&A*

***Wai-Shin Chan***

email: [Wai-Shin@asria.org](mailto:Wai-Shin@asria.org)

Tel: (+852) 3105 3702

[www.asria.org](http://www.asria.org)

Association for Sustainable & Responsible Investment In Asia

