

News Release
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Japanese companies lead in responding to challenge of Climate Change

Global responsible investment specialists EIRIS today released research analysing the current state of Asian companies' response to climate change in comparison with their global peers.

Climate Change Tracker: Asia focuses on Asian (Japan, Hong Kong, South Korea, and Singapore) companies listed on the FTSE All World Developed Index.

Climate change is widely recognised as one of the most significant challenges facing the global economy. China has reportedly now overtaken the USA as the world's biggest CO2 emitter and continued economic growth in Asia will give rise to significant increases in greenhouse gas (GHG) emissions. Energy use in all Asian countries accounted for approximately one quarter of the global energy use in 2006 and mainland China accounted for 16% of global energy use.

Carbon management by Asian companies is undoubtedly a critical theme for asset owners and asset managers. *Climate Change Tracker: Asia* sets out the national climate change policy context in different Asian Countries. It analyses corporate response performance on climate change in the key areas of governance, strategy, Greenhouse gases (GHG) targets and disclosure, and examines the implications for investors.

Key findings for investors:

- **Climate change risk profile of Asian companies is similar to those elsewhere:** about a third of companies in both Asia (32%) and the FTSE All World Developed Index (34%) and are classified as very high or high impact for climate change. This represents GBP 523 billion and GBP 3.8 trillion market cap respectively as at the end of March 2009.
- **Japanese companies are top in overall performance:** 85% of Japanese 'high climate change risk' companies have either 'good' or 'intermediate' climate change response. But only 77% of their global peers and 24% of other Asian companies display an equivalent response. This strong performance is driven by Japanese regulations and initiatives which have had a positive impact on companies' performance against global peers and other Asian companies.
- **GHG targets:** Targets are an important component of corporate climate change strategy and a key indicator of a company's commitment to achieving GHG emissions reductions.

Over two thirds (70%) of Asian very high and high risk companies have short-term targets. However, Asian companies perform less well on long-term targets, where only 5% of companies have long-term targets. This compares to over three fifths (63%) and almost one third (32%) of global companies have short-term (less than five years) and long-term (at least five years) targets respectively.

- **Japan matches global emissions disclosure, particularly on risk quantification:** 88% of Japanese 'high risk' companies disclose either absolute or normalised emissions data. This matches average levels of emissions disclosure displayed by the FTSE All World Developed Index constituents. Moreover, 62% of Japanese companies clearly quantify the climate change risk they face.

Peter Webster, Executive Director at EIRIS said 'Many investors are still focussed on greenhouse gas emissions when assessing corporate performance on climate change. But what's equally important is the extent to which company management are responding to the challenges through strong governance, strategies, emissions targets and disclosure. As the Copenhagen Climate Change Summit approaches its vital that investors fully understand the risk and opportunities which climate change presents'.

In order to facilitate effective management of carbon risk, EIRIS developed a Climate Change Toolkit to assist investors with identification, engagement and integration of carbon risk of your portfolio. Further information on EIRIS Climate Change Toolkit is available [here](#).

Click [here](#) to download a copy of the full research paper.

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Notes to Editors

1. EIRIS (www.eiris.org) is a leading global provider of independent research into the social, environmental governance and ethical performance of companies. EIRIS, a UK-based organisation with offices in the US and France together with its international research partners, has a wealth of experience in the field of responsible investment research. EIRIS provides comprehensive research on around 3,000 companies in Europe, North America and the Asia Pacific region. EIRIS is already retained by 100 institutional clients including pension and retail fund managers, banks, private client brokers, charities and religious institutions across Europe, North America, Australia and Asia. EIRIS has developed a comprehensive suite of products to help investors assess their portfolios and design investment strategies in response to the challenge of a carbon-constrained economy. For more information on EIRIS' products and services visit www.eiris.org or email: clients@eiris.org
2. EIRIS has developed a Climate Change Toolkit to help investors assess their portfolios and design investment strategies in response to the challenge of a carbon-constrained economy. The toolkit comprises of 1) Carbon Profile - assesses the climate change performance of a portfolio against major market indices by considering both climate change impact and company responses. It is designed to help investors understand the quantitative climate change impact of their portfolios. It provides a qualitative assessment of company responses to climate change. 2) Carbon Engager – helps investors to target their engagement on climate change and identify key priorities. It provides detailed reports on individual company performance and best practice examples to support a variety of engagement approaches. 3) Carbon Risk Factor - quantifies individual company performance on climate change. It provides a risk-weighted score based on each company's carbon impact and management response to climate change. It is designed to be easily integrated into analysts' models.

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