

Insights from Corporate Greenhouse Gas Management: Inventorying and Target Setting

April 2020



Purpose of this analysis:

- The purpose of the analysis is to showcase data findings that can help companies **assess how their greenhouse gas management approaches compare to market data** from large, leading companies representing different industry sectors.
 - Analysis helped inform development of corporate self-assessment on inventorying GHG and setting emission reduction targets.
- Insights from this analysis aim to
 - Help **companies identify leading behaviors** and sustainability performance of peers in their sectors as they relate to GHG inventorying and target-setting.
 - Help companies build a business case for managing GHG emissions.

Most stakeholders care about corporate sustainability performance:

- **80%** of **global investors** say they are more focused on sustainability now than they were 5 years ago ([Bain, 2017](#))
- **70%** of **employees** would be more loyal to a company that helps them contribute positively to social and environmental issues ([Cone, 2016](#))
- **69%** of North Americans expect companies to implement programs to improve the environment ([Nielson, 2018](#))
- **61%** of people believe that **investment funds** should consider sustainability factors ([Schroders, 2019](#))

300% increase in companies disclosing GHG emissions data since 2003

Total Number of companies publicly disclosing on climate change to CDP

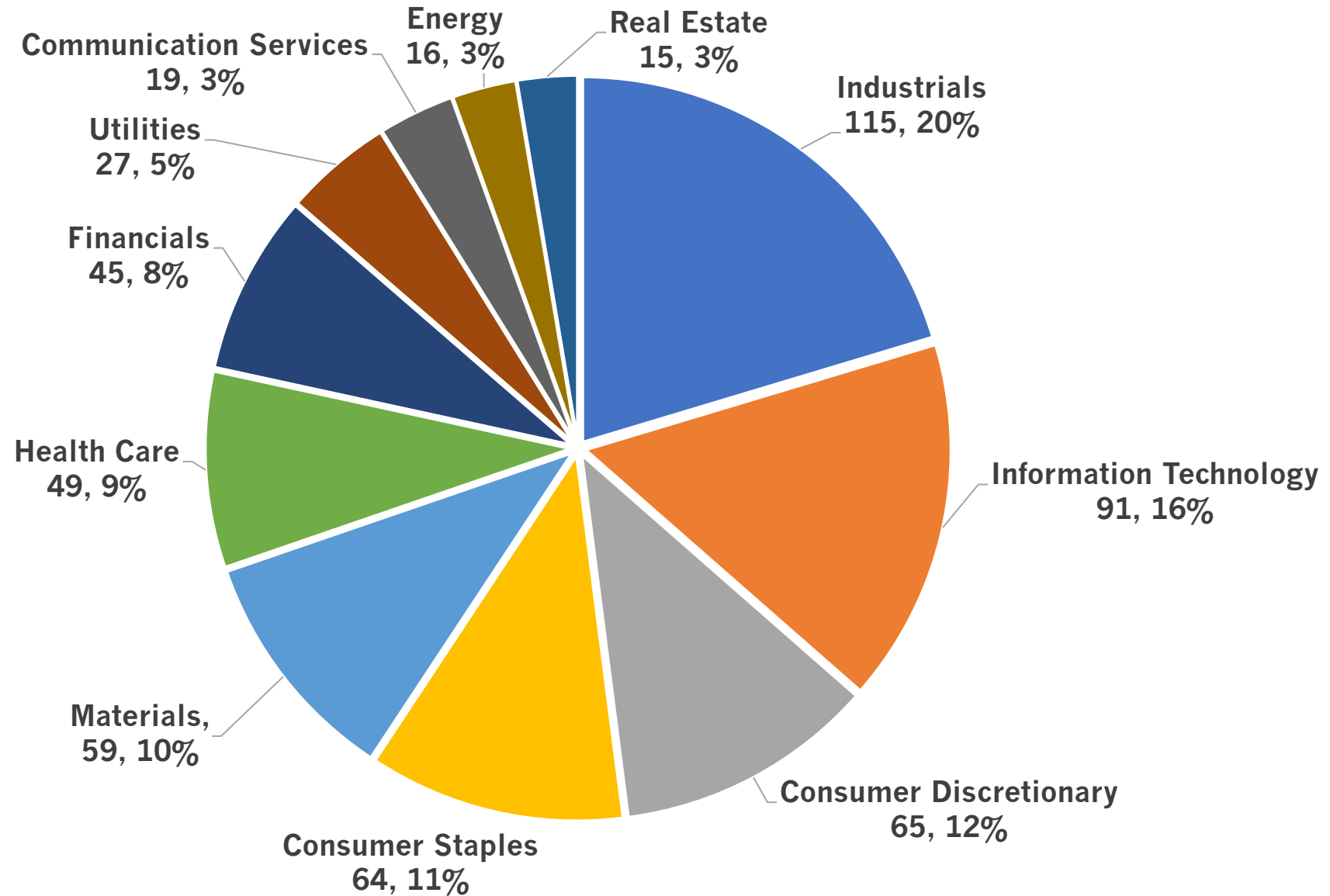
Year 2003	Year 2019
228 companies	8,361 companies

Source: CDP 2020

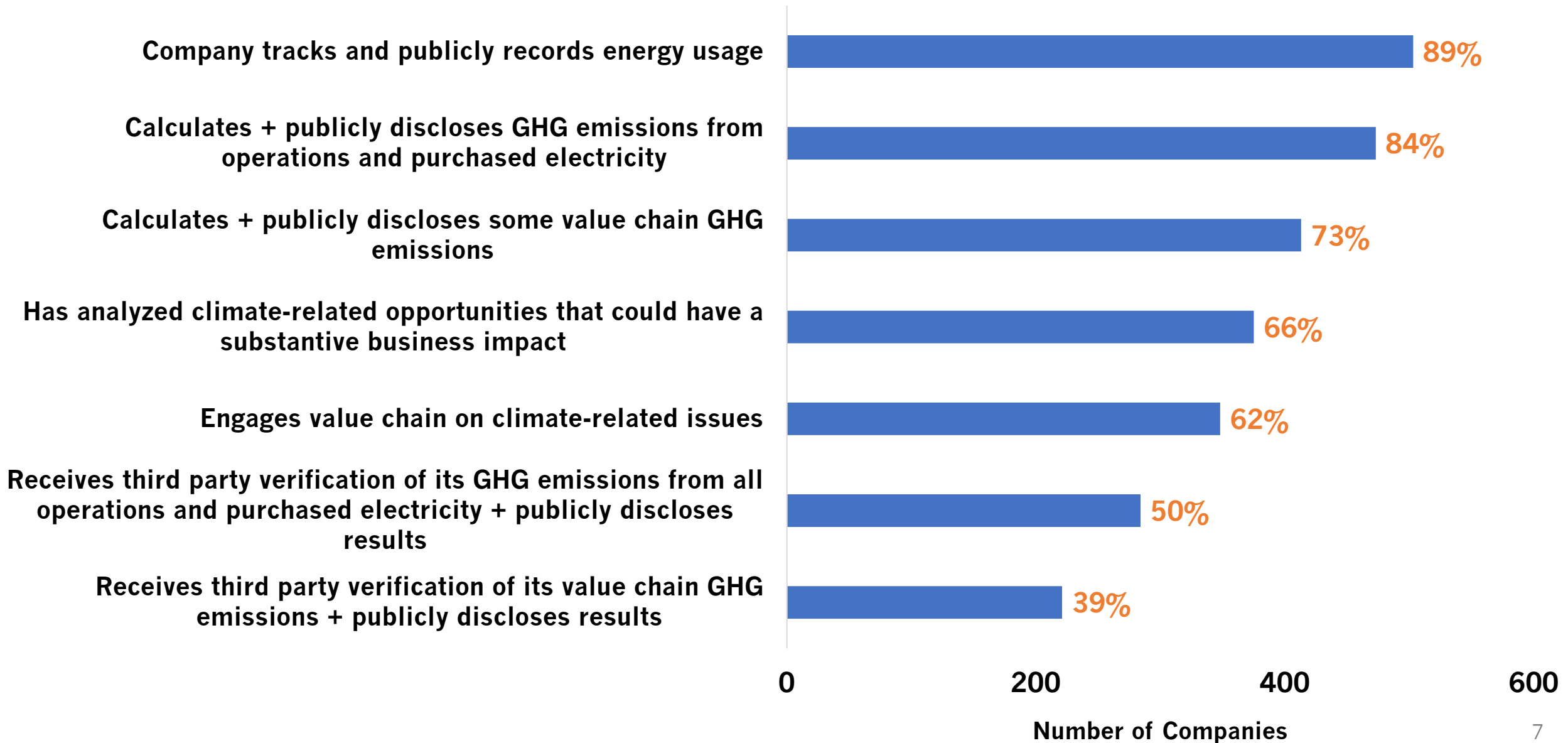
Data analysis and methodology

- **Dataset** is driven by disclosures from **565** S&P500 and Fortune 500 companies to CDP
- CDP data is self-reported, not verified by EPA
- Data reflects 2017 and some 2018 data, per CDP's 2018 Climate Change Questionnaire
- Some data, where noted, are supplemented by insights from EPA programs

Sector representation in dataset



Data insights on GHG inventorying practices

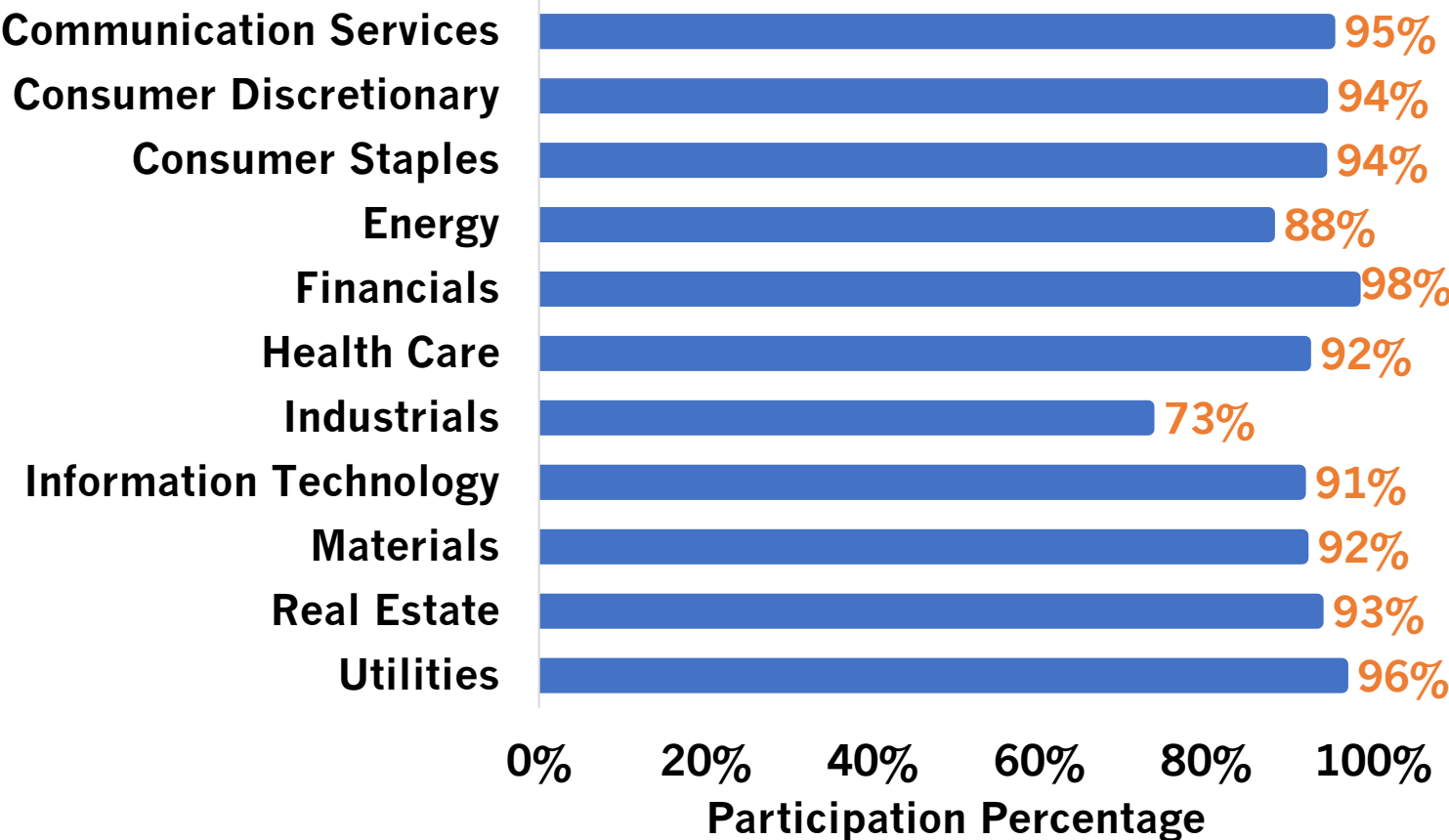




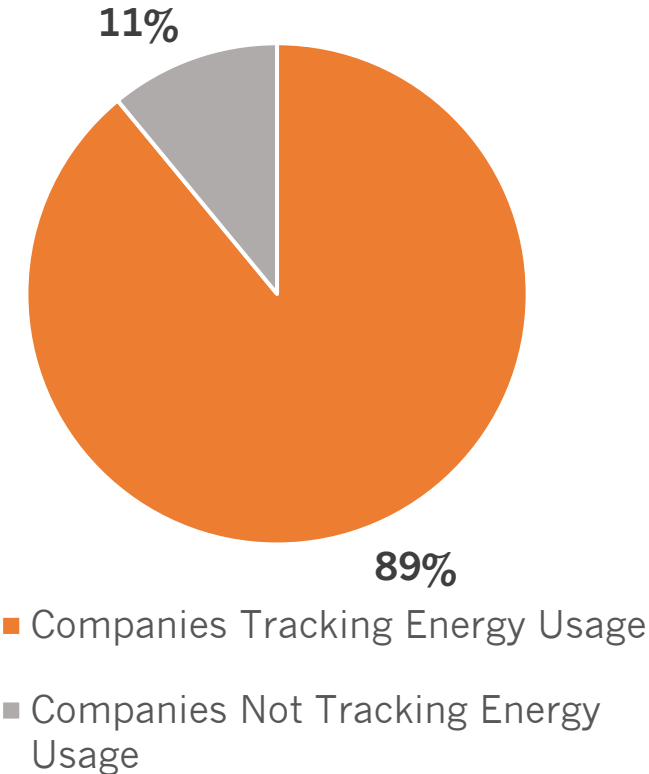
GHG Inventorying and Reporting

89% of companies are tracking their energy use: energy use includes electricity and natural gas consumption

Reporters by Sector

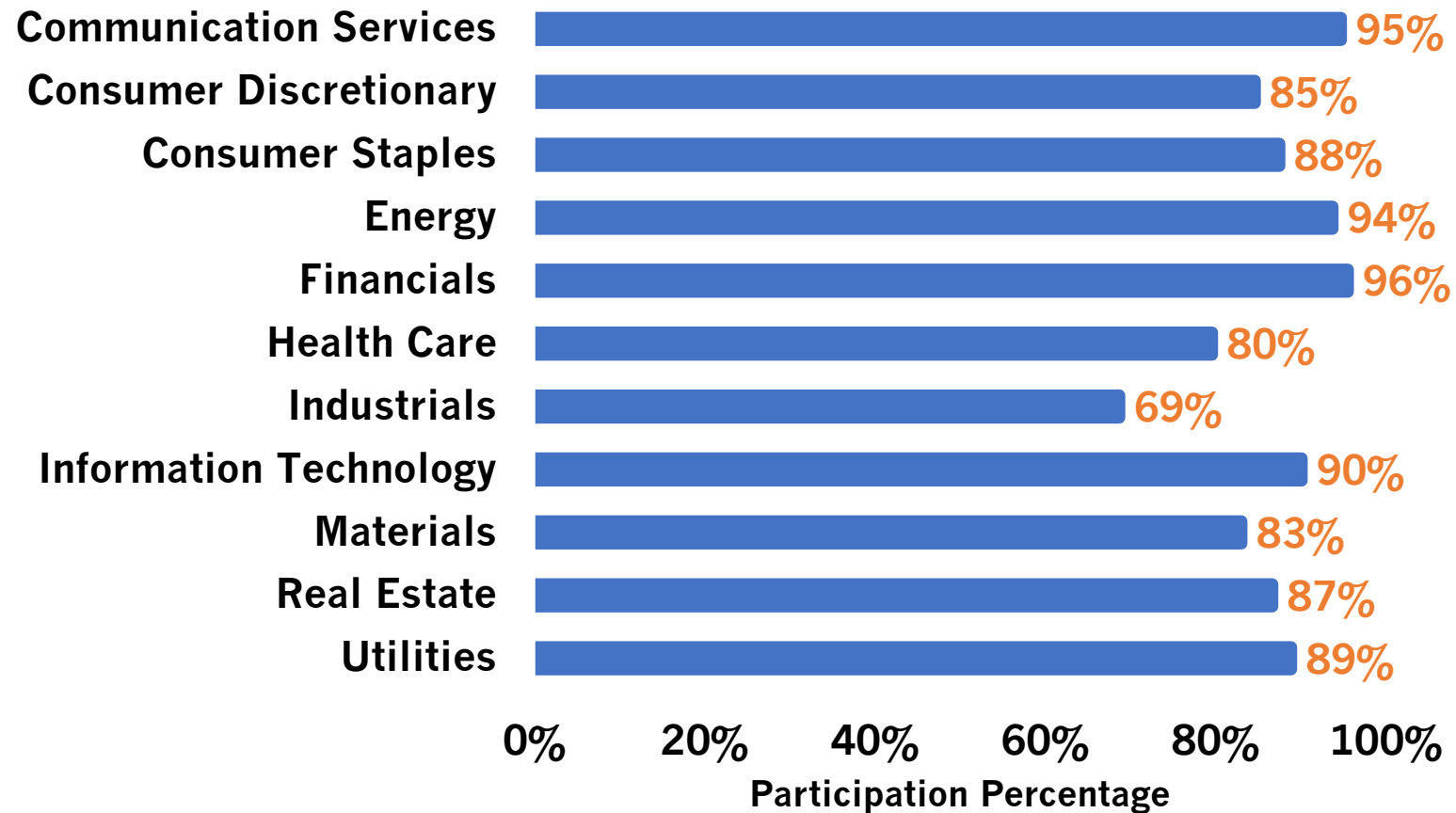


Overall Reporters

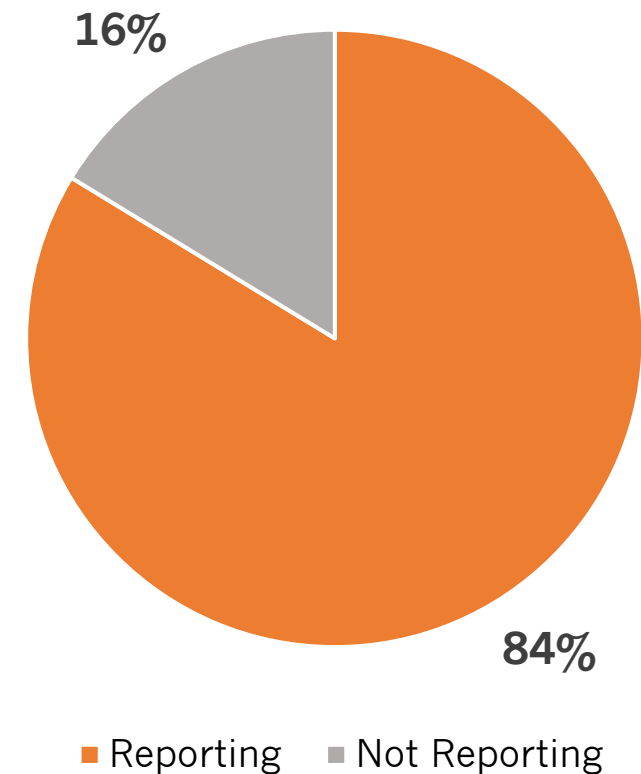


84% of companies are reporting their emissions from operations (scope 1) and purchased electricity (scope 2)

Reporters by Sector

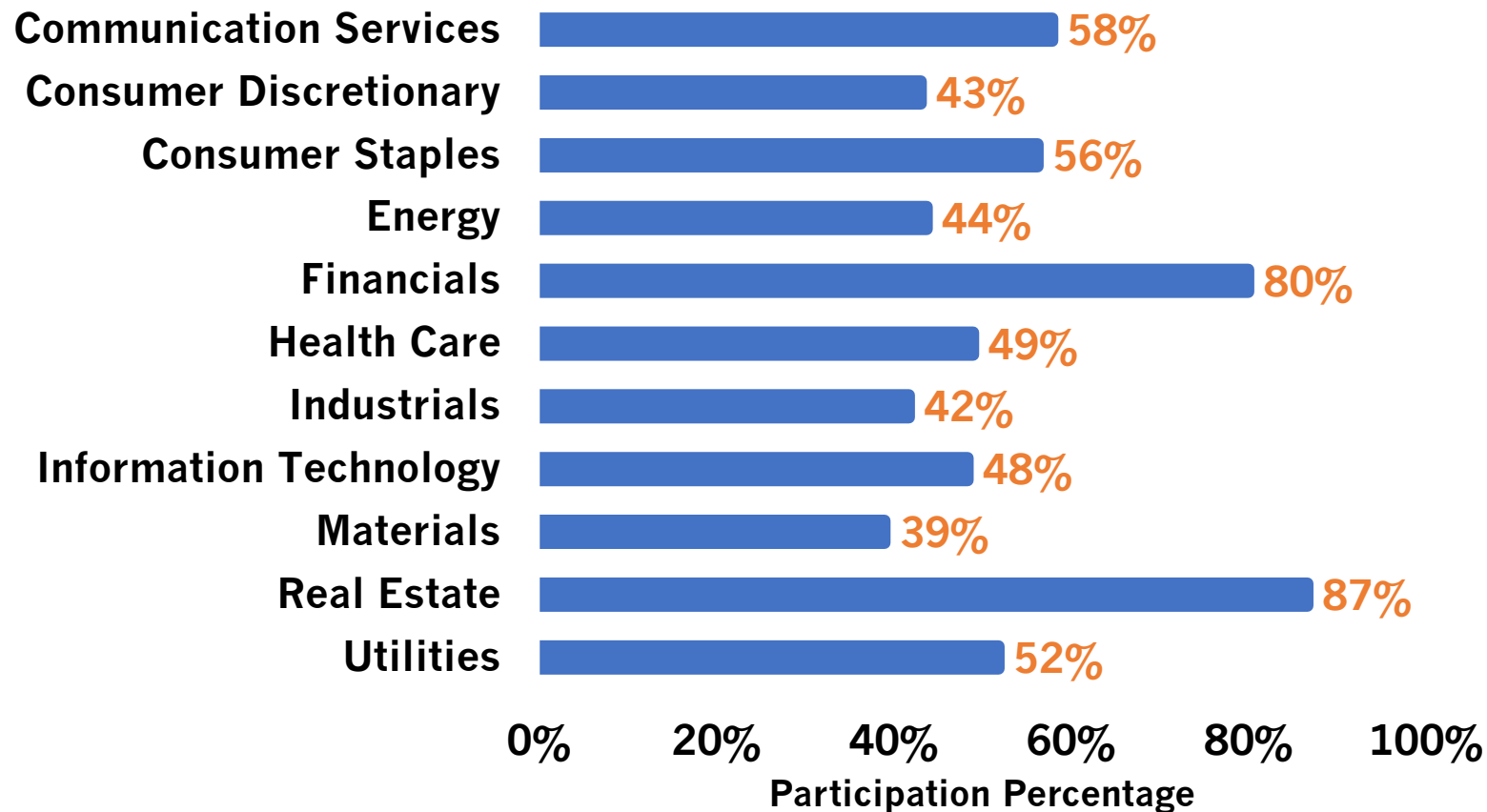


Overall Reporters

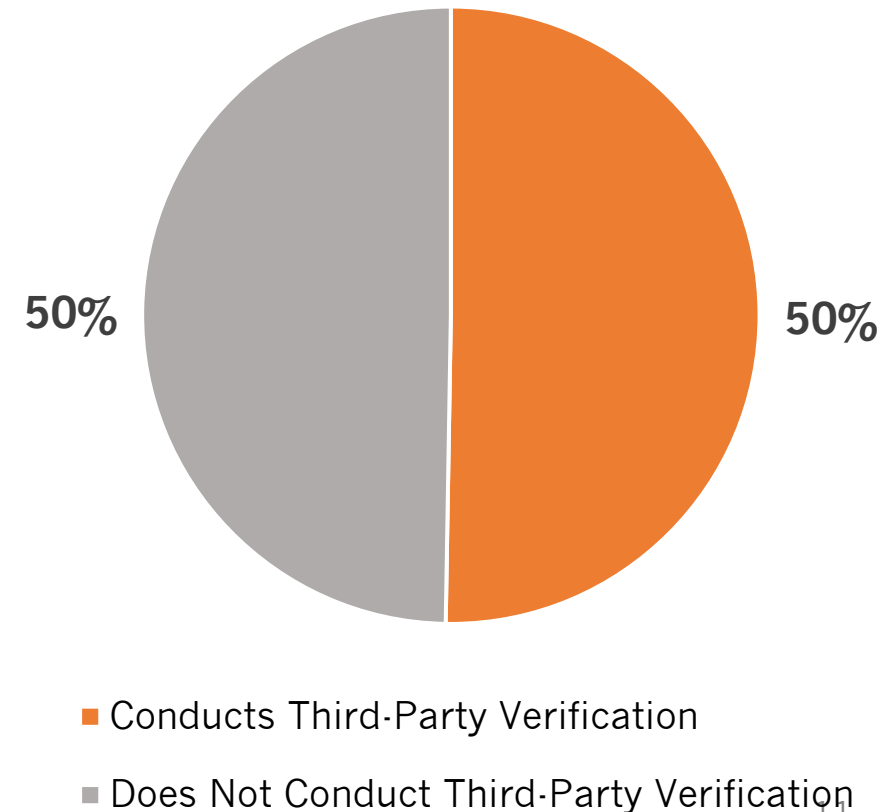


Half of companies receive third party verification of their GHG emissions from operations and purchased electricity

Reporters by Sector

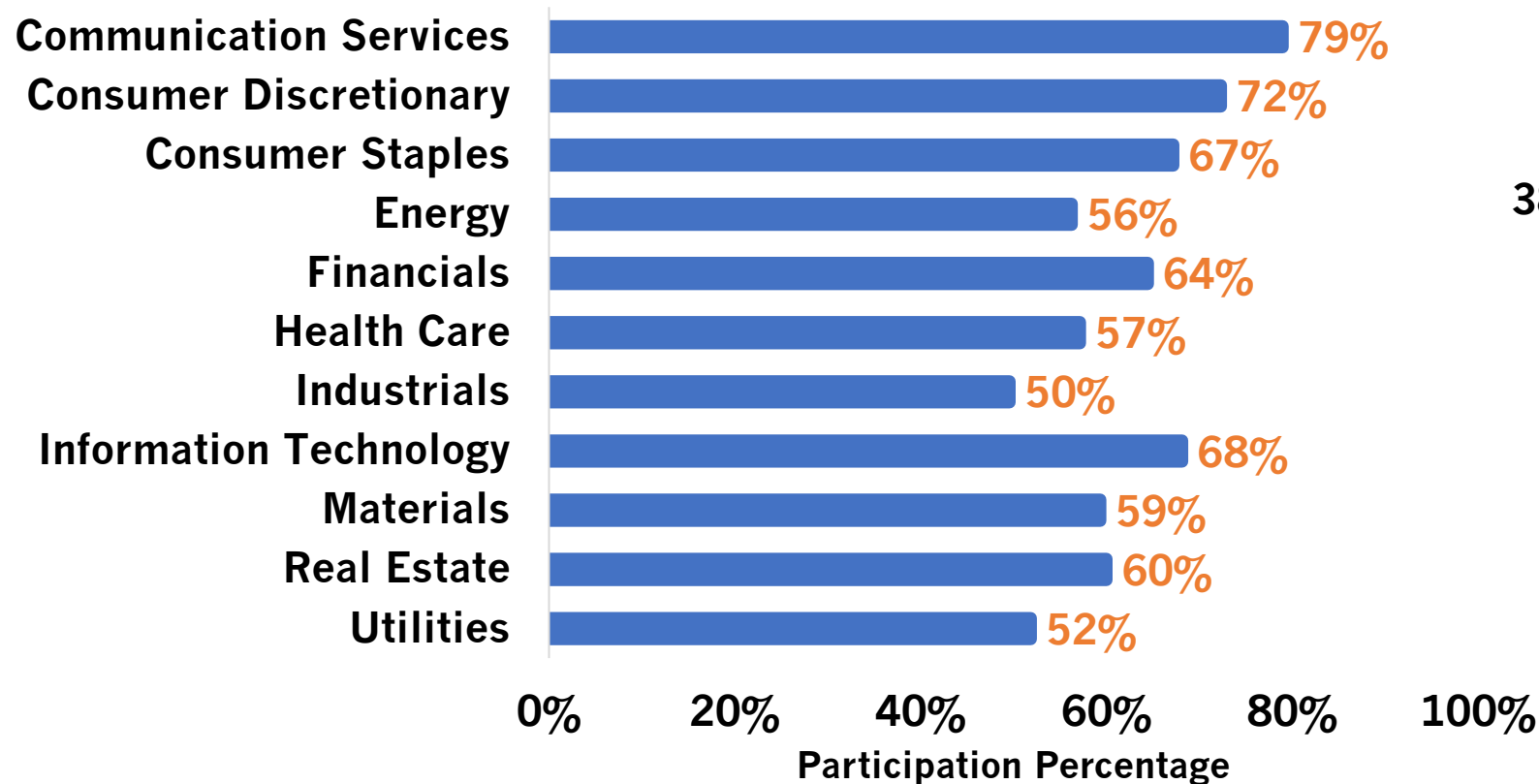


Overall Reporters

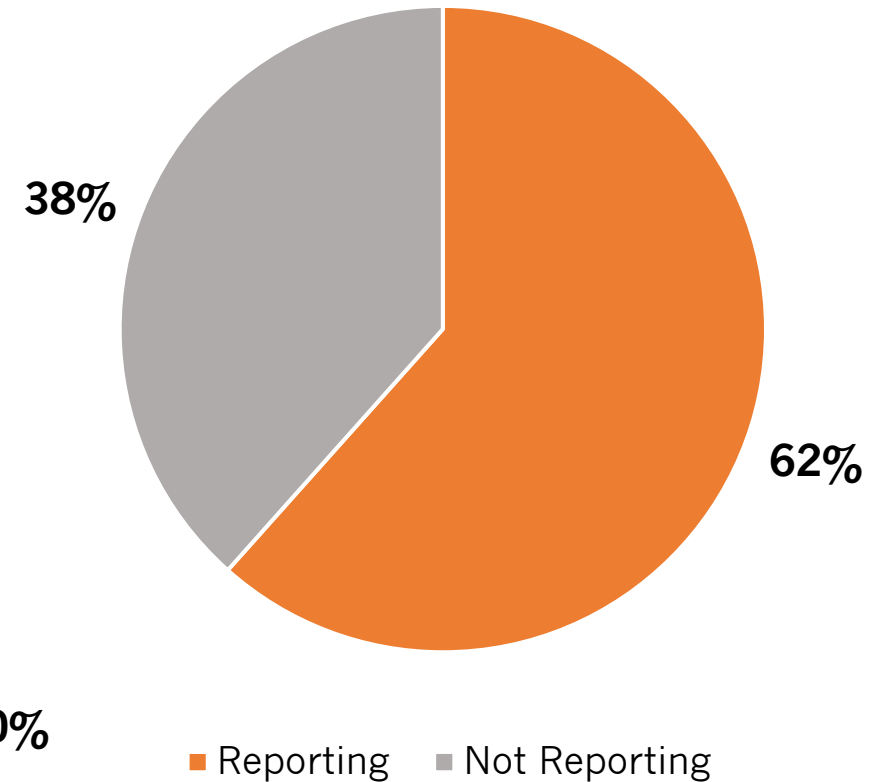


Value chain (scope 3) emissions are mostly reported in the communication services, consumer discretionary, information technology, and consumer staples sectors

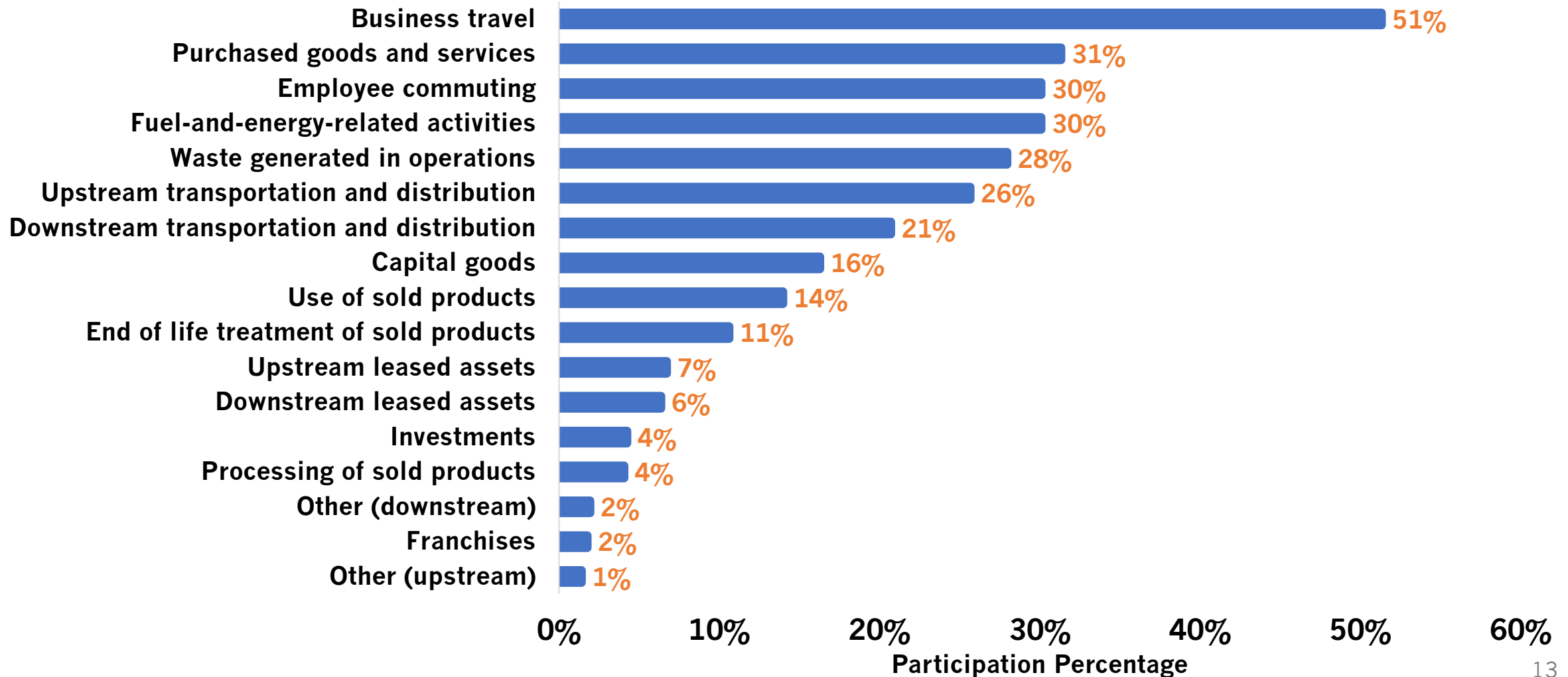
Reporters by Sector



Percentage of Reporters

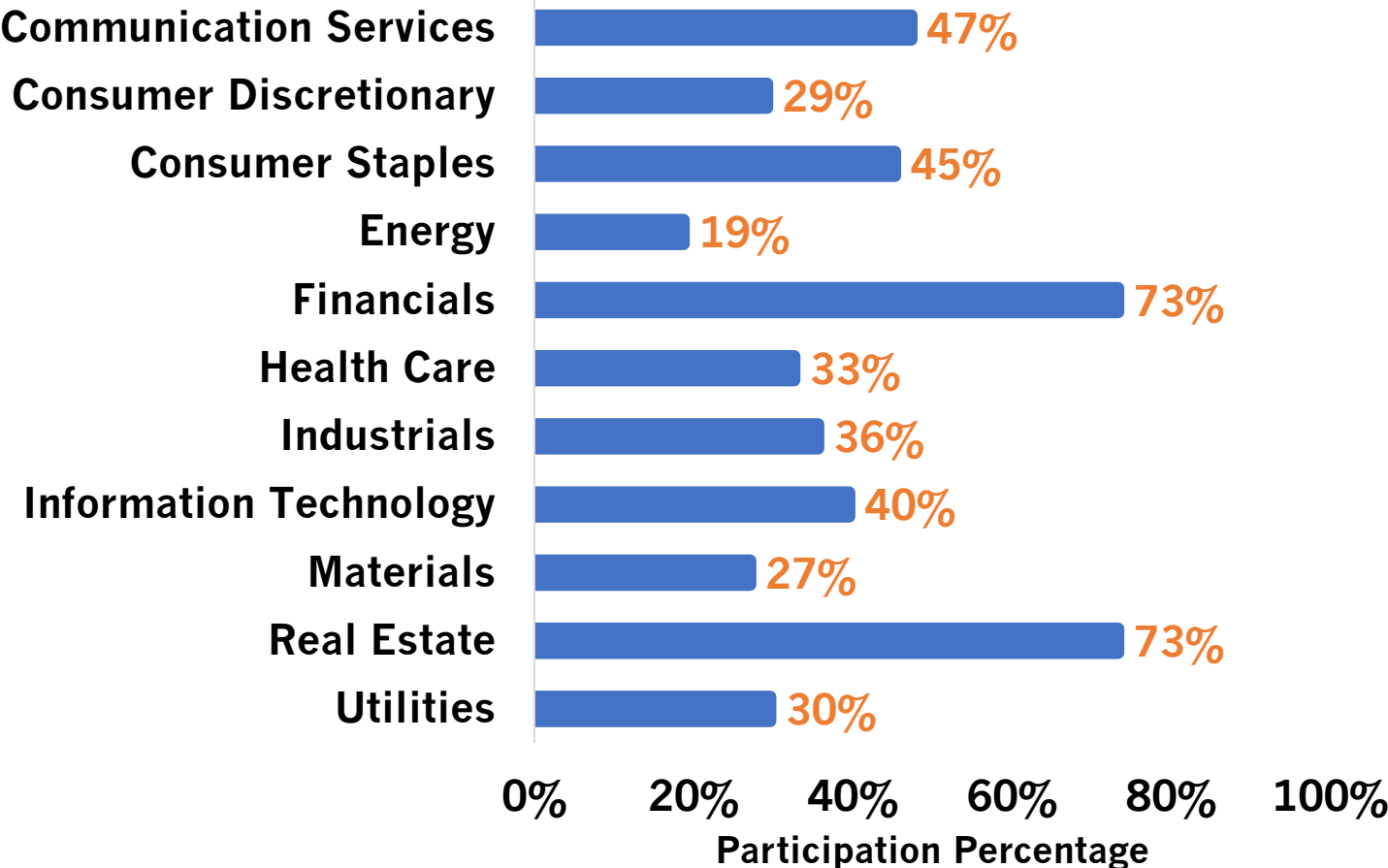


Business travel is the most commonly-reported source of scope 3 emissions

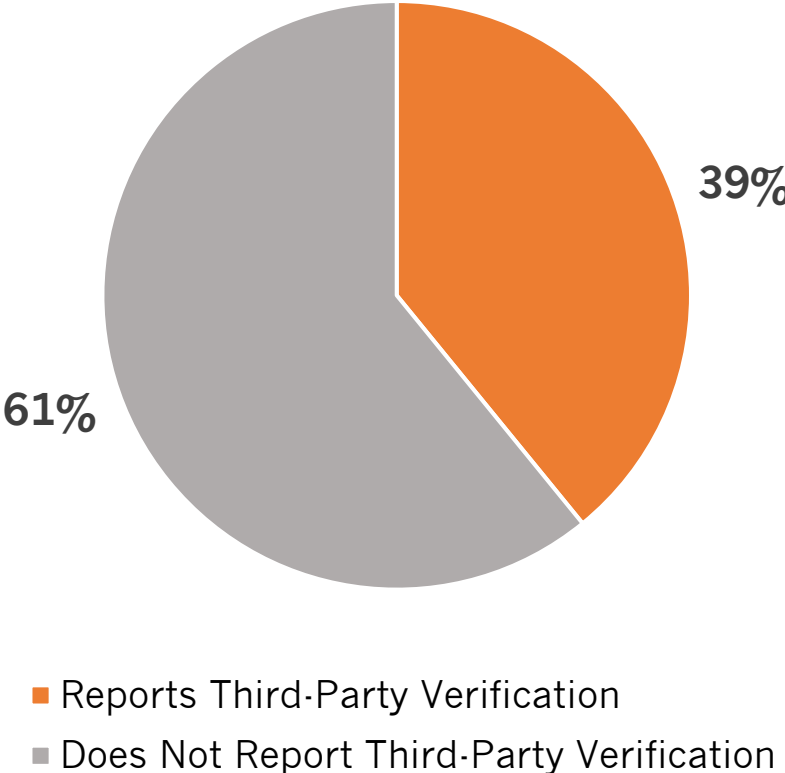


Over 1/3 of companies receive third-party verification of value chain emissions

Reporters by Sector

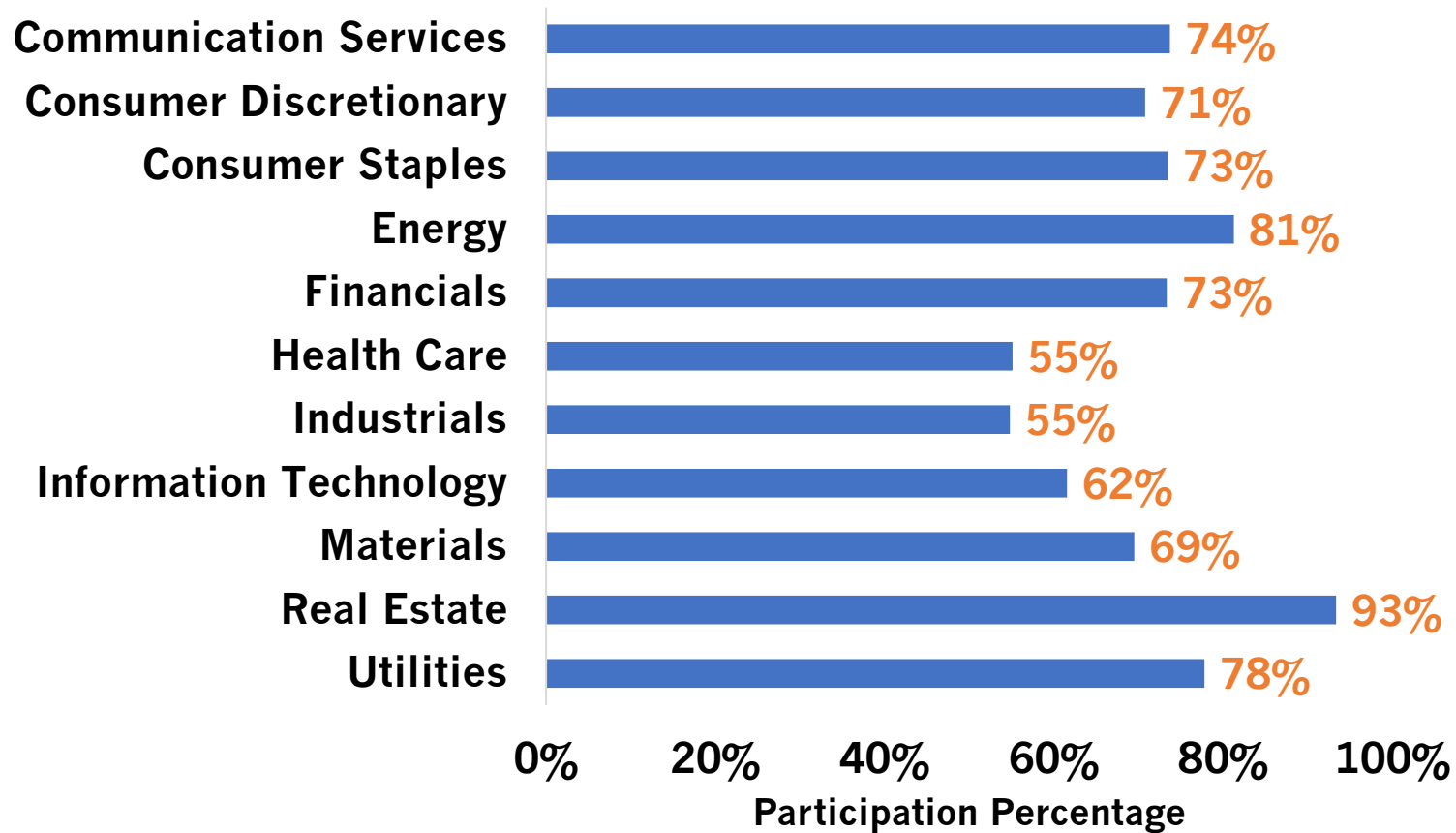


Overall Percentage of Companies Receiving Third Party Verification

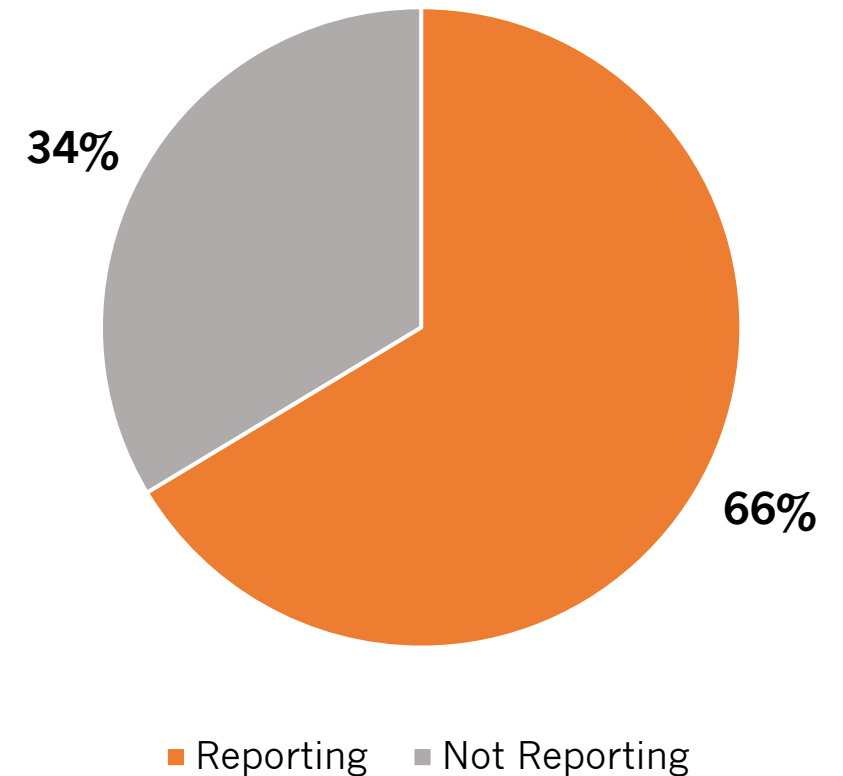


2/3 of companies have analyzed climate-related opportunities that could have a substantive business impact

Reporters by Sector



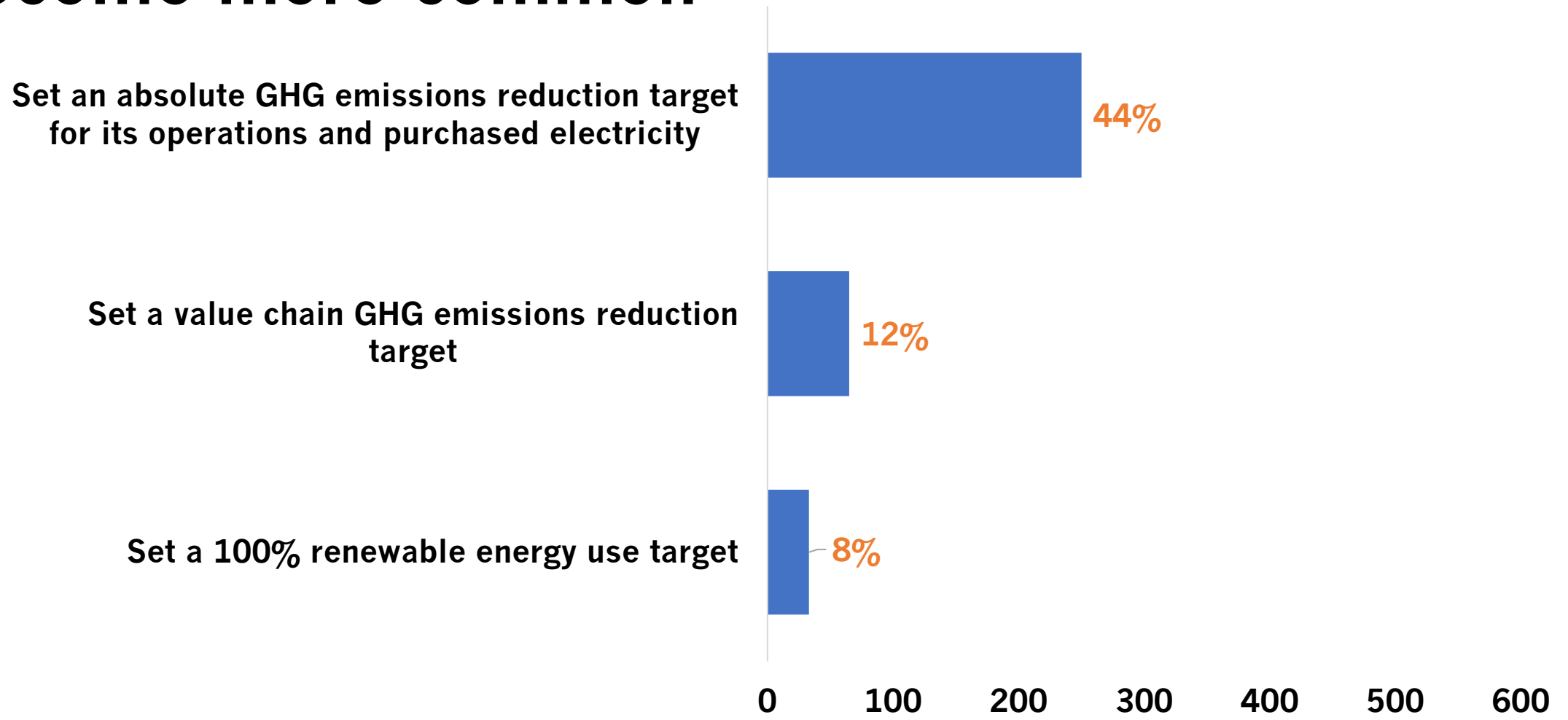
Percentage of Overall Reporters





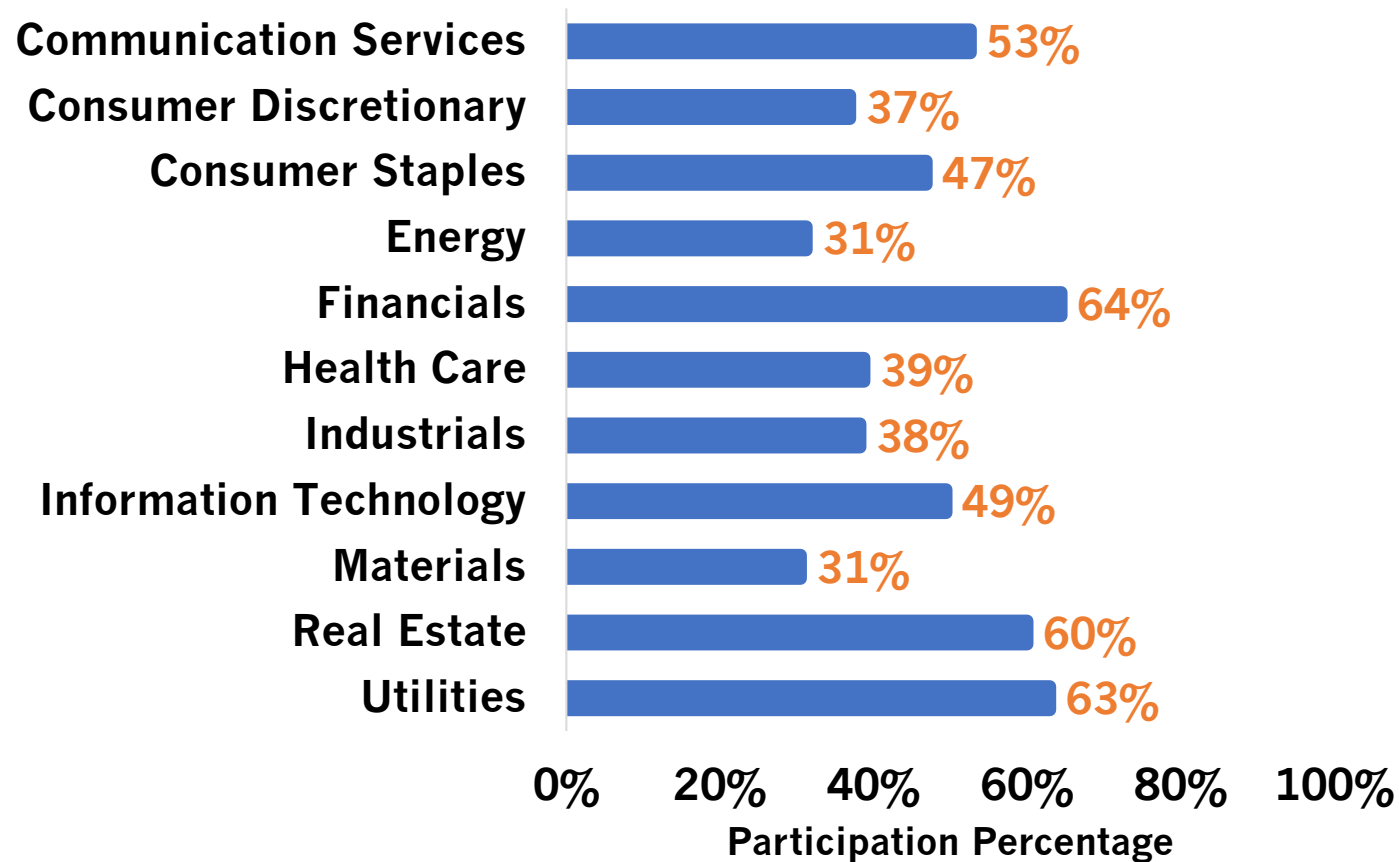
Target Setting

Absolute targets for reducing emissions from operations and purchased electricity have become more common

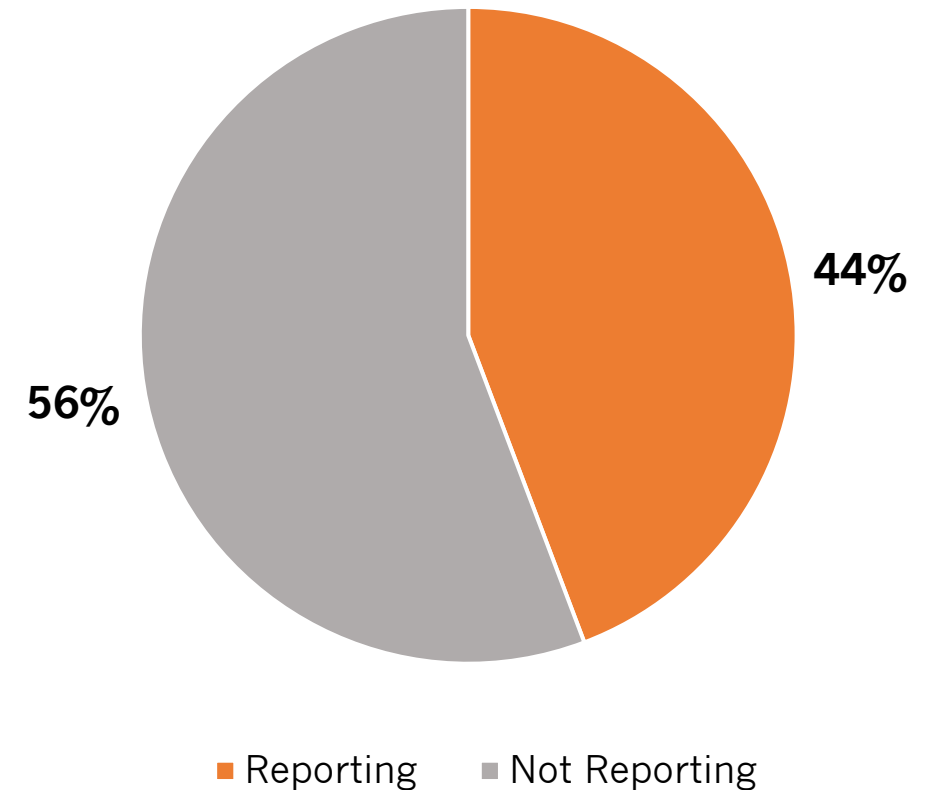


Nearly half of companies in the dataset have scope 1 and scope 2 absolute reduction targets

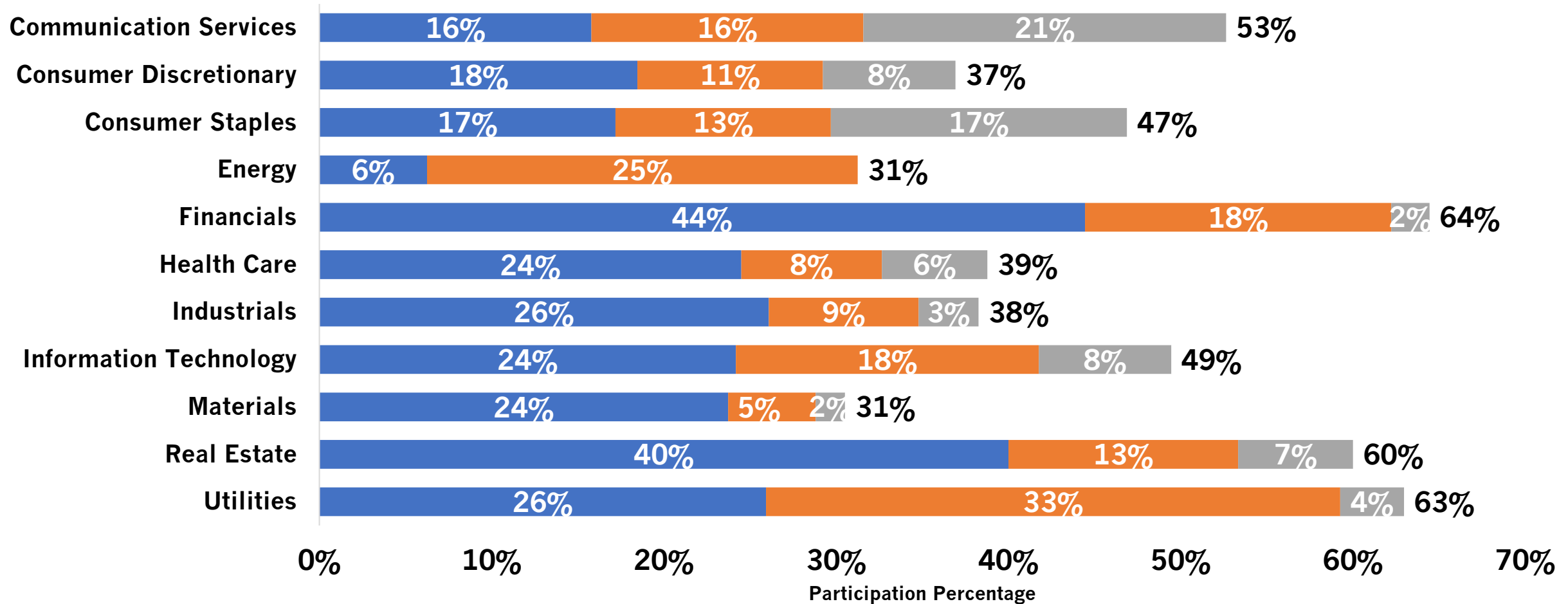
Reporters by Sector



Percentage of Overall Reporters



Companies across all sectors have set absolute reduction targets and Science-Based Targets



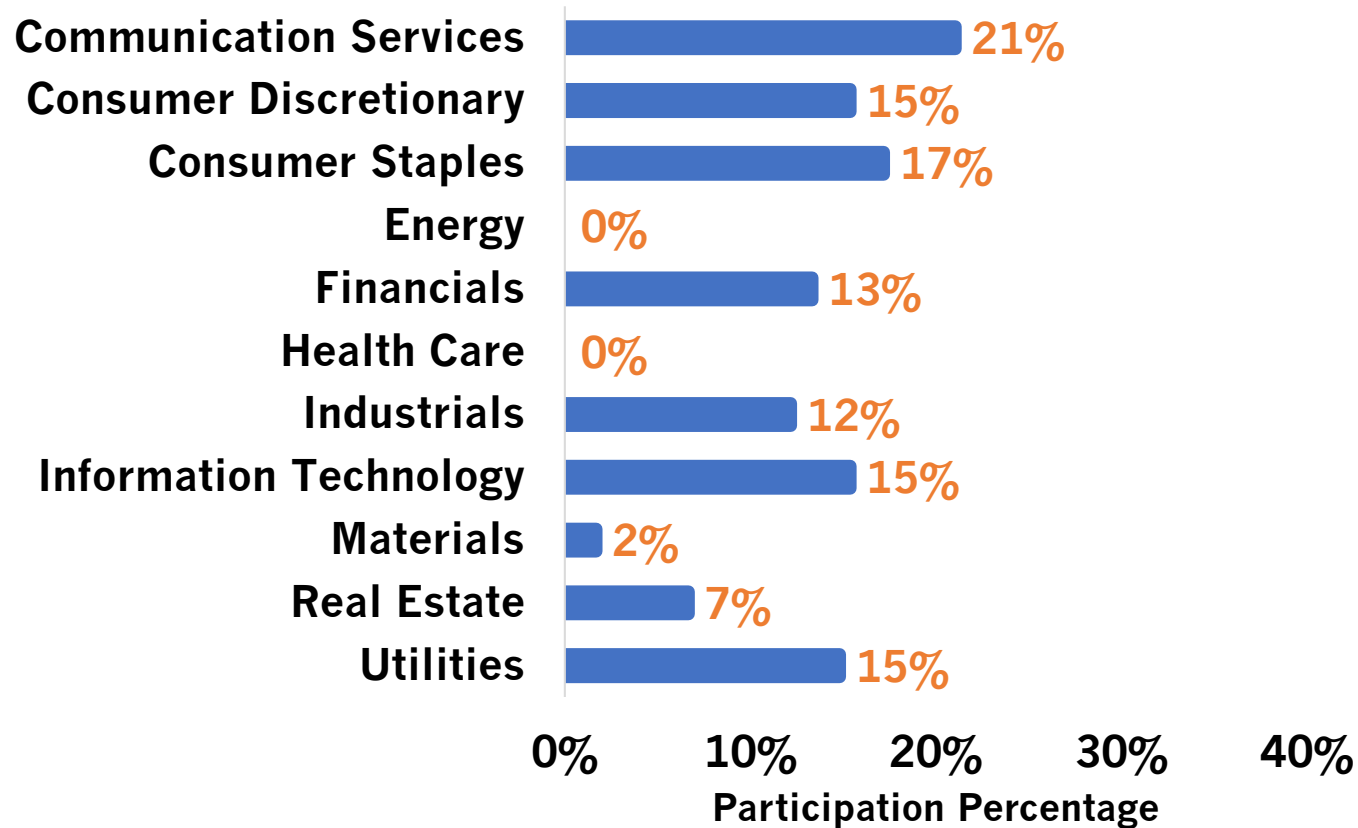
■ Has an absolute scope 1 and/or scope 2 target

■ Has an absolute scope 1 and/or scope 2 target and is considered to be a science based target

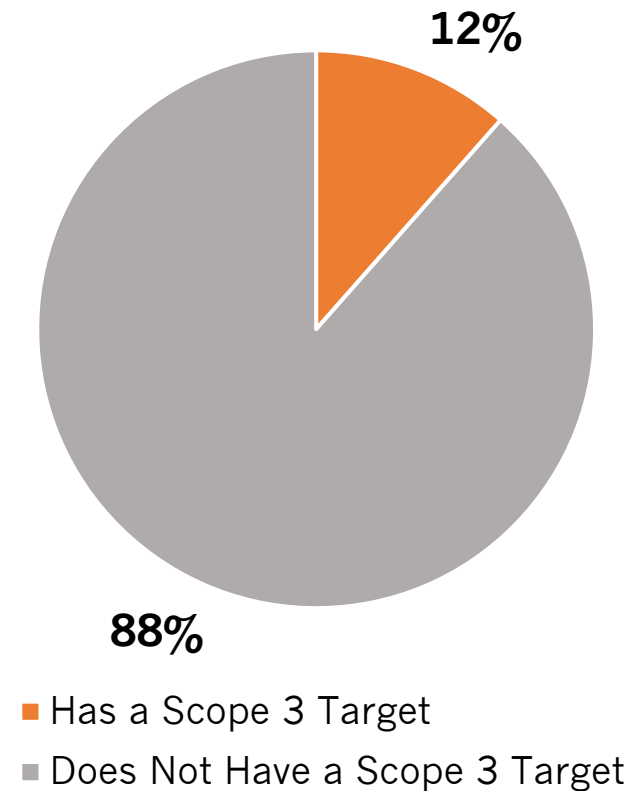
■ Has an absolute scope 1 and/or scope 2 target that has been approved as science-based by the Science Based Targets Initiative 19

12% of companies have set **scope 3 targets**

Reporters by Sector

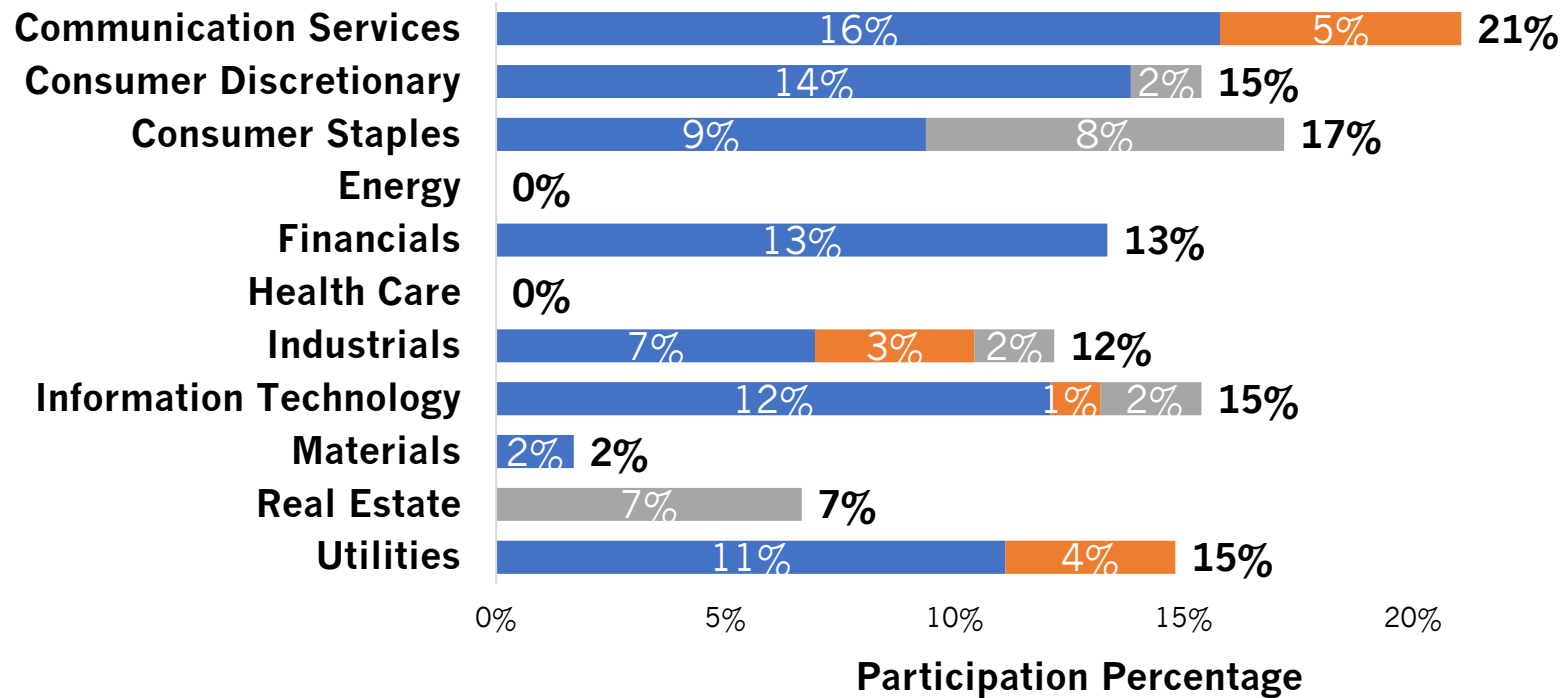


Percentage of Reporters

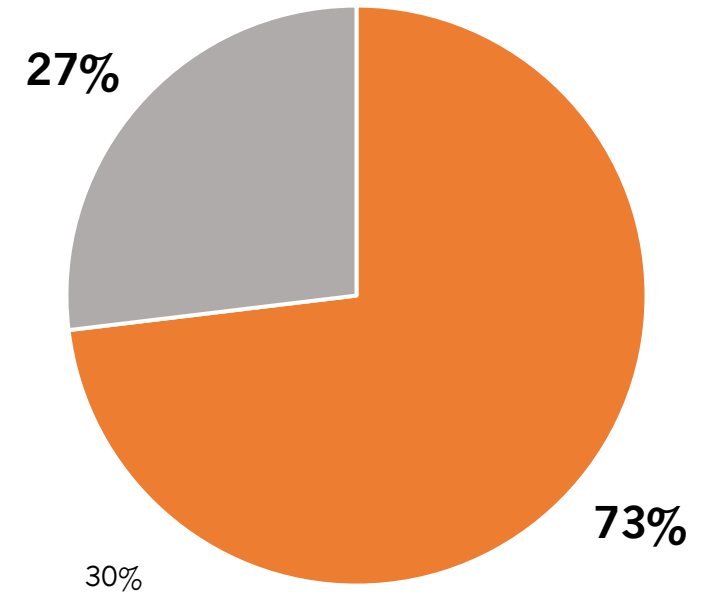


Not all sectors have absolute scope 3 targets; most targets are also not validated Science-Based Targets

Reporters by Sector



Percentage of Reporters



■ Has an absolute scope 3 target

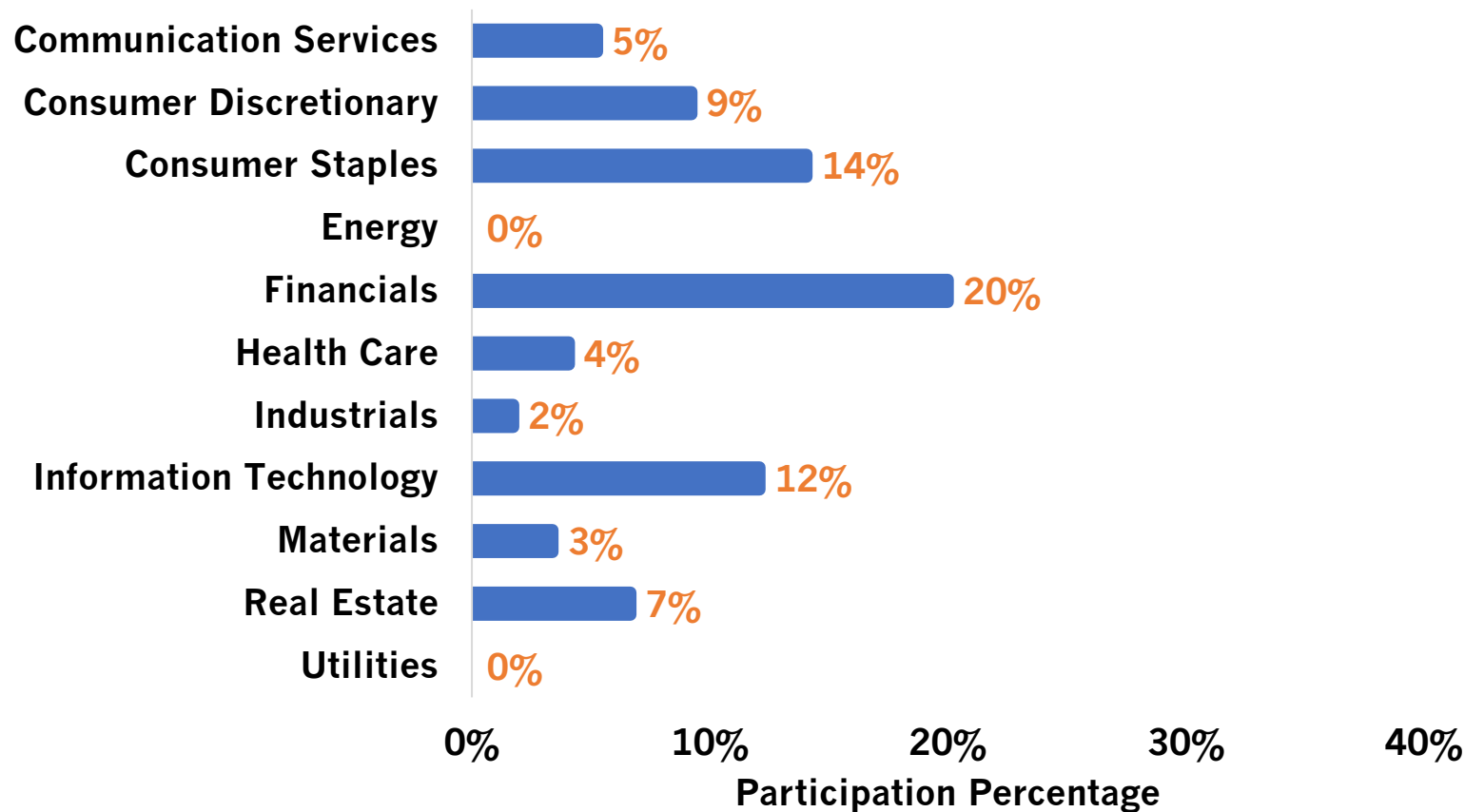
■ Has an absolute scope 3 target and is considered to be a science based target

■ Has an absolute scope 3 target that has been approved as science-based by the Science Based Targets Initiative

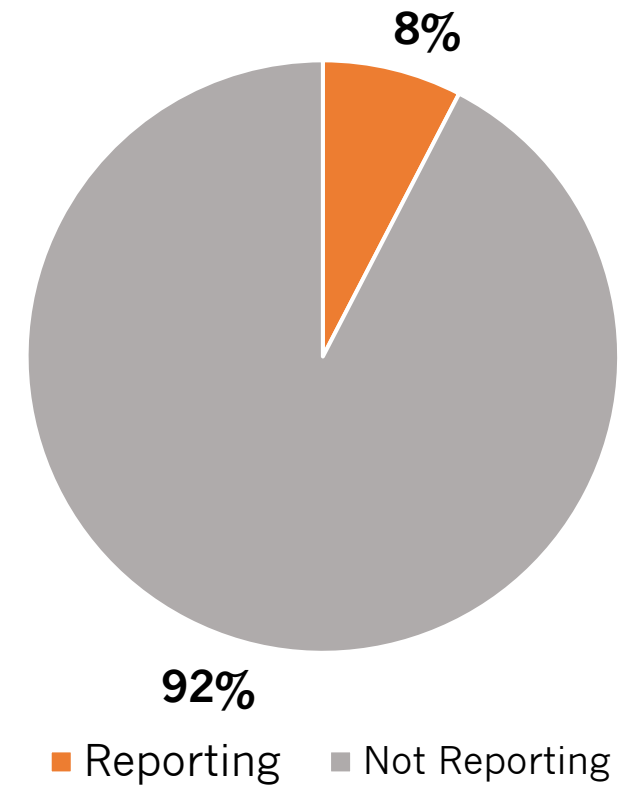
■ Reporting ■ Not Reporting

In sectors with significant scope 2 emissions, more companies are establishing 100% renewable energy use targets

Reporters by Sector

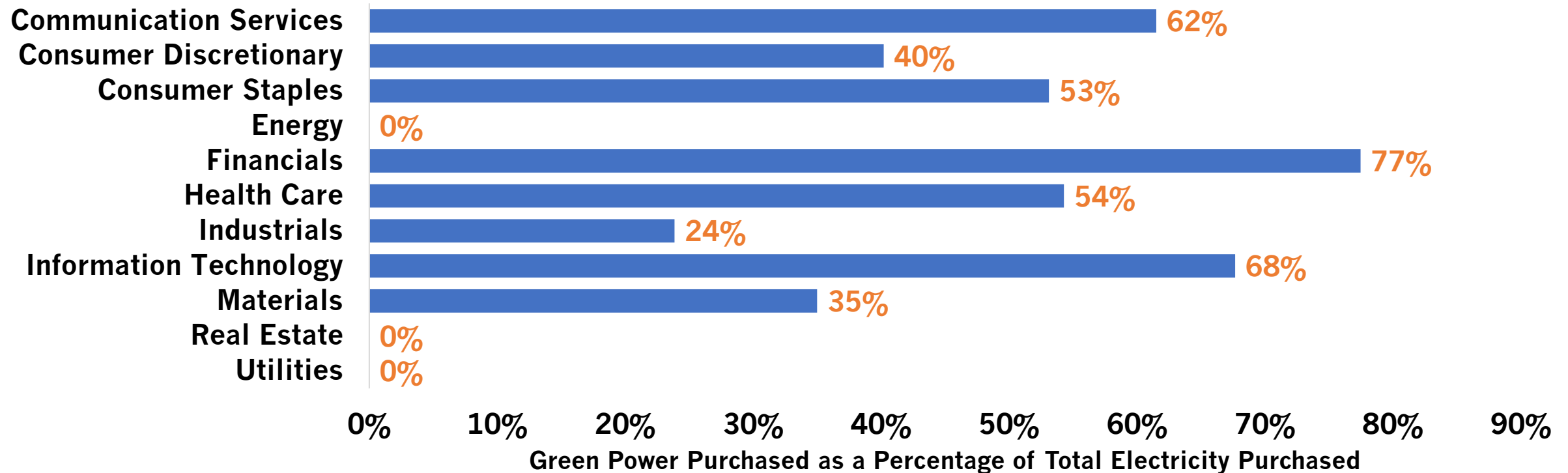


Percentage of Reporters



Data represented are companies within the CDP dataset that have also pledged to the RE100 as of March 1, 2020.

Evaluating EPA data on green power purchases can inform target setting: EPA's Green Power Partners in the dataset purchase green power for 57% of their annual electricity use



Percentages are the average green power procured as a percentage of overall electricity usage per sector.

The U.S. voluntary market defines green power as electricity produced from solar, wind, geothermal, biogas, eligible biomass, and low-impact small hydroelectric sources.

The graph reflects data from the 57 companies, representing 76% of Fortune 500 Partners in EPA's Green Power Partnership Program.



Visit the Center for:

- **Corporate GHG Inventorying and Target Setting Self-Assessment V1.0 (Beta)**
- **Resources for developing corporate GHG inventories**
- **Resources for engaging value chains on GHG management**