

Mind the Gap! Incomplete corporate Greenhouse gas reporting and its implications for research and investment

This paper explores how information providers to the investment and research community – that each may gather information on thousands of companies – deal with incomplete greenhouse gas emissions reporting by companies. To what extent are these information providers aware of the deficiencies? And how are they trying to address them?

In order to accurately measure and effectively manage financial and other risks associated with corporate Greenhouse gas (GHG) emissions, researchers and investors need to know the total amount of GHG-emissions of the companies under analysis. Many companies however prefer to report incomplete GHG-emissions data, for example not covering all areas of the company, rather than giving an educated estimate of their company's entire emissions. After evidencing gaps in the GHG-reporting of BASF, British Telecom, E.ON, Honda and Nestle in the years 2006 to 2008, this paper explores how six information providers to the financial and research community (Asset4, Carbon Disclosure Project, Innovest Strategic Value Advisors, KLD Research & Analytics, SAM and Bloomberg's ESG Data Service) cope with deficiencies in the GHG-reporting of the five companies.

In this anecdotal case study survey it is found that over the time period covered the information providers on average took into account 83% of the total global GHG-emissions of the companies included. The paper closes with a discussion of the implications of incomplete GHG-reporting for research and investment, as well as strategic suggestions for decreasing the gaps in corporate GHG-reporting.

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