

# Insights from Corporate Greenhouse Gas Management: Inventorying and Target Setting

April 2020



Supporting organizations in GHG measurement and management • [www.epa.gov/climateleadership](http://www.epa.gov/climateleadership)

# 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

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Total Number of companies publicly disclosing on climate change to CDP

Year 2003	Year 2019
228 companies	8,361 companies

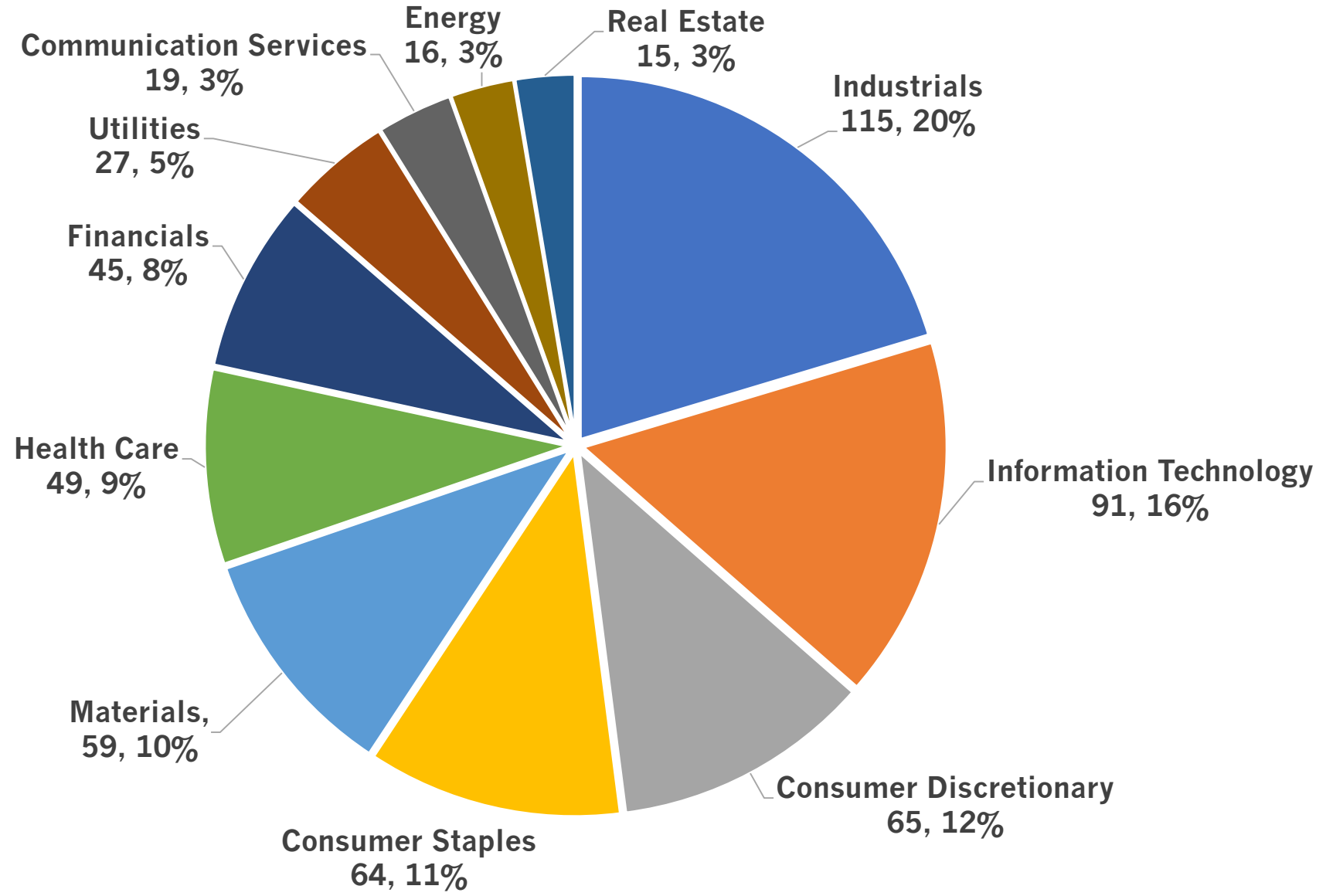
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Source: CDP 2020

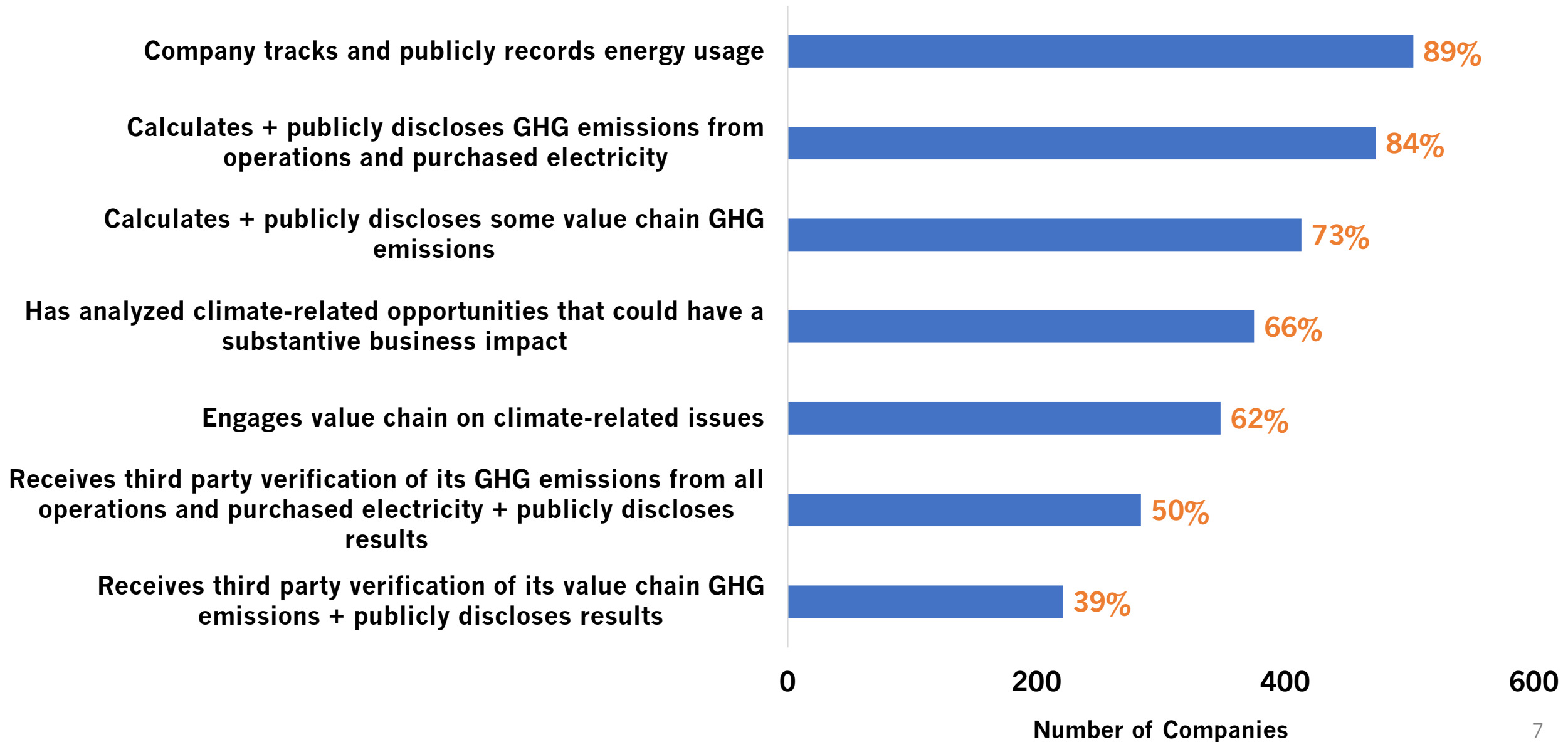
# Data analysis and methodology

- **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



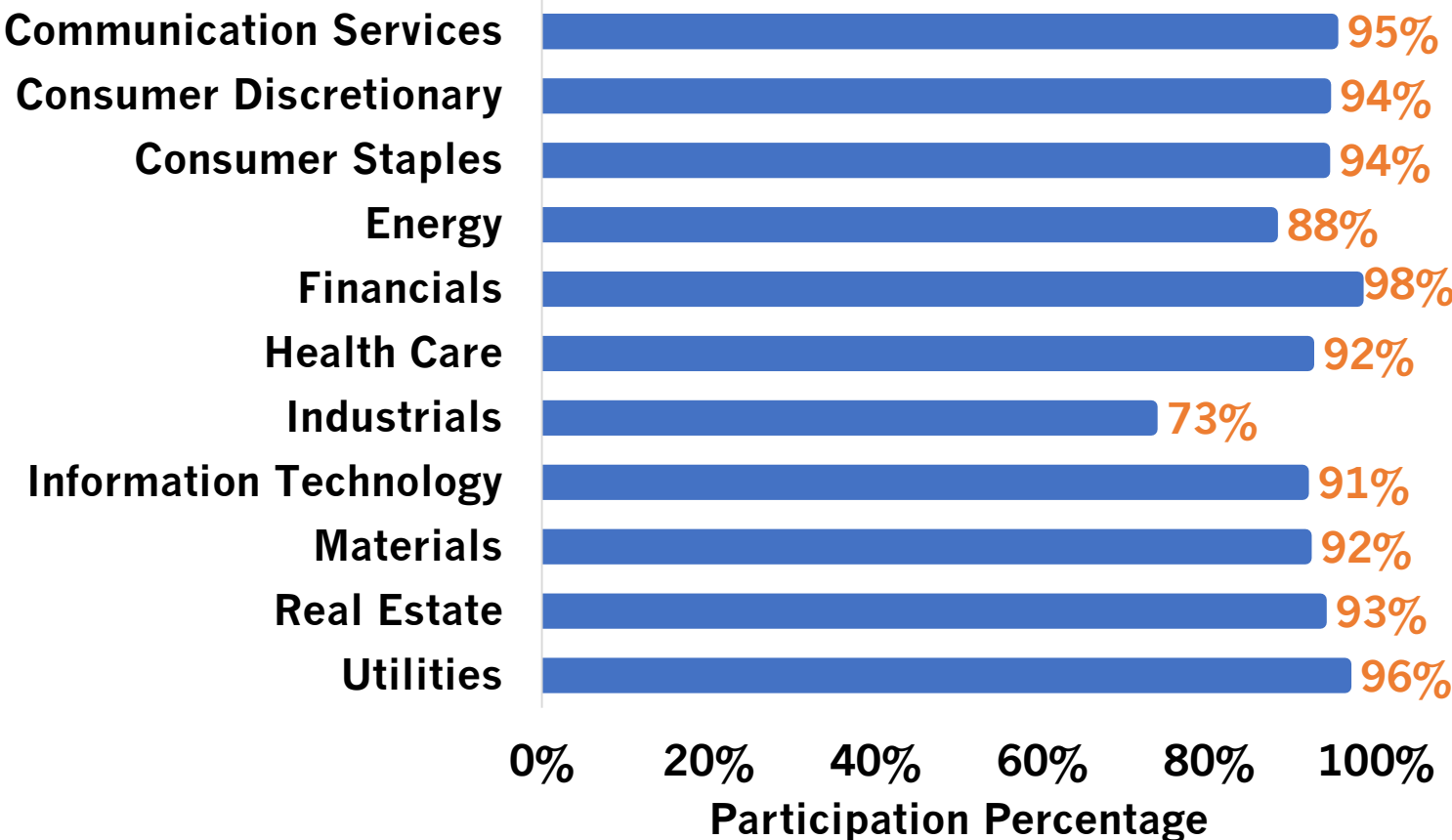


# GHG Inventorying and Reporting

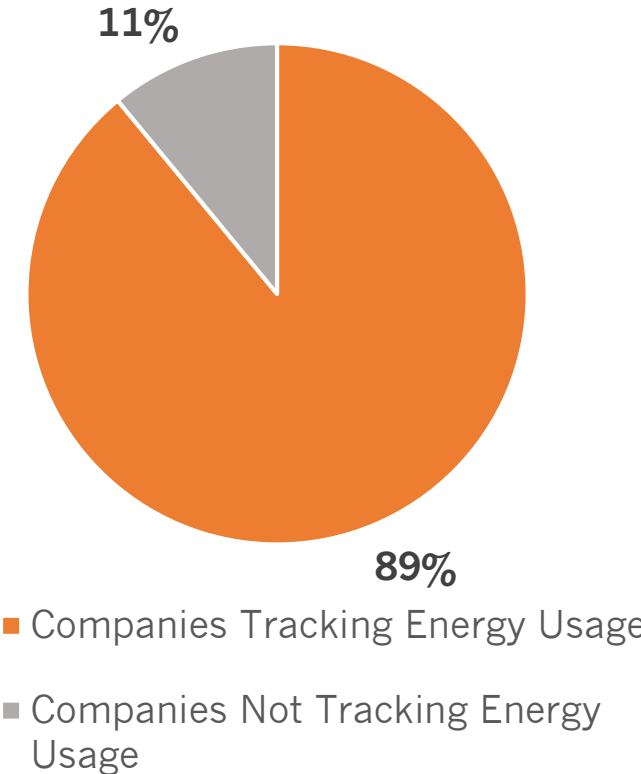


# 89% of companies are tracking their energy use: energy use includes electricity and natural gas consumption

### Reporters by Sector

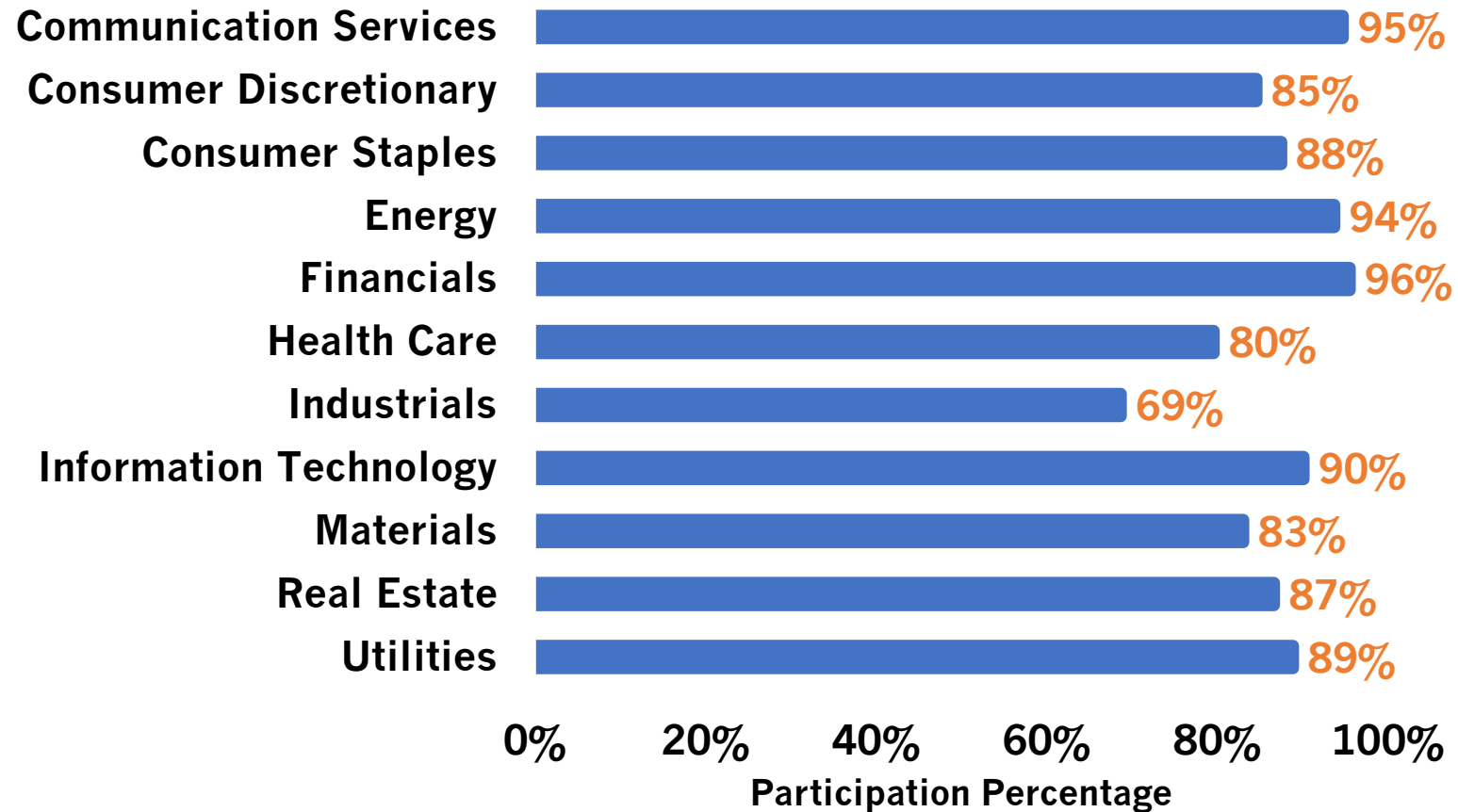


### Overall Reporters

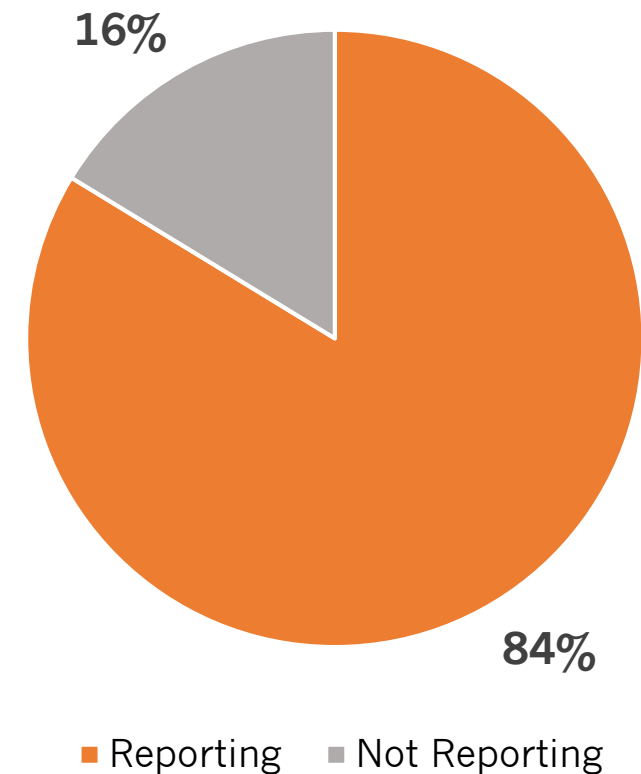


# 84% of companies are reporting their emissions from operations (scope 1) and purchased electricity (scope 2)

## Reporters by Sector

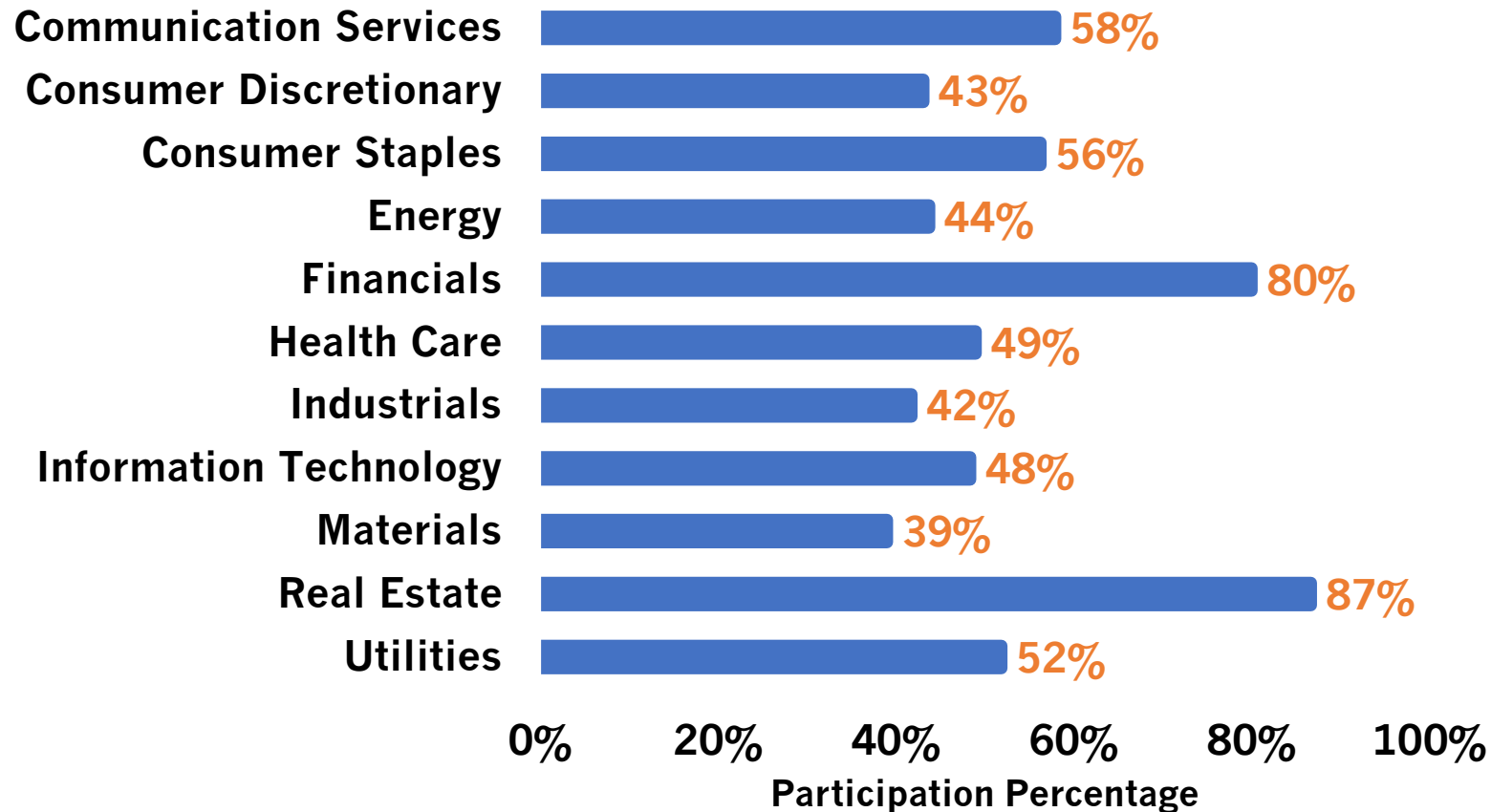


## Overall Reporters

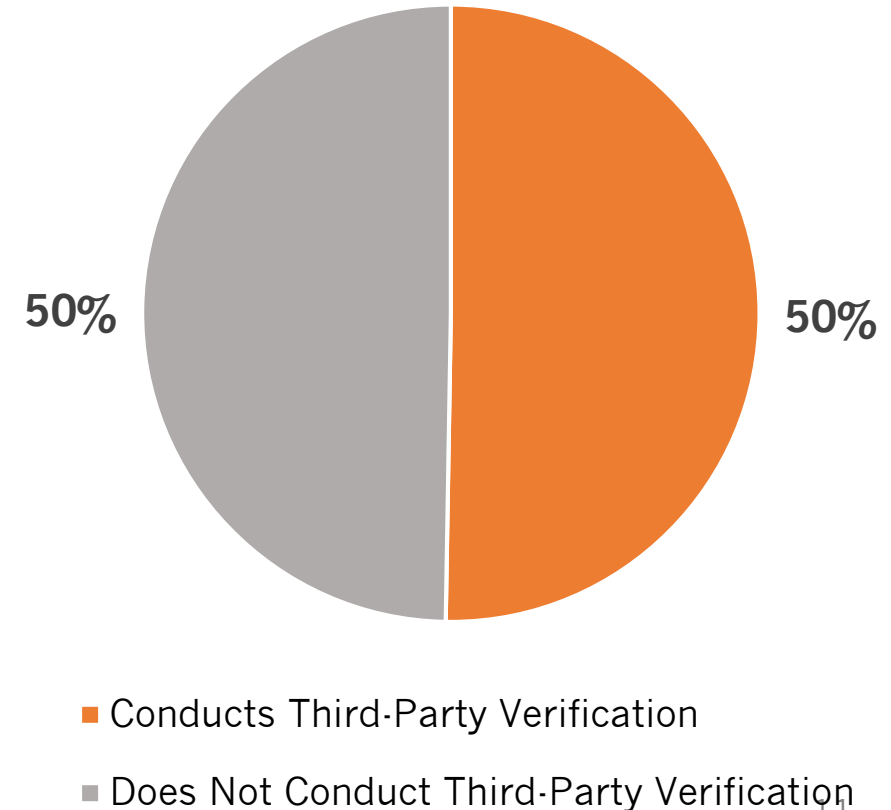


# Half of companies receive third party verification of their GHG emissions from operations and purchased electricity

## Reporters by Sector

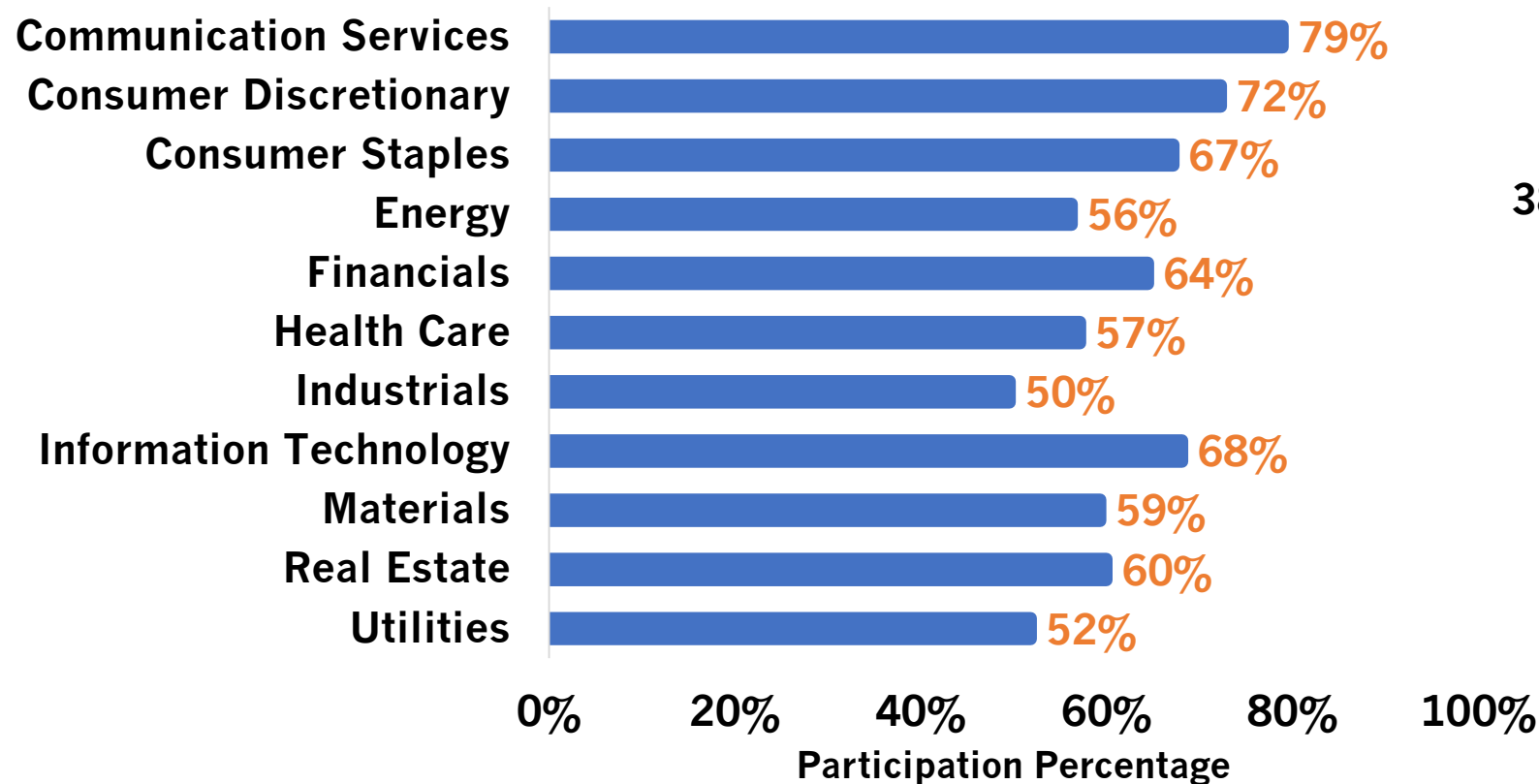


## Overall Reporters

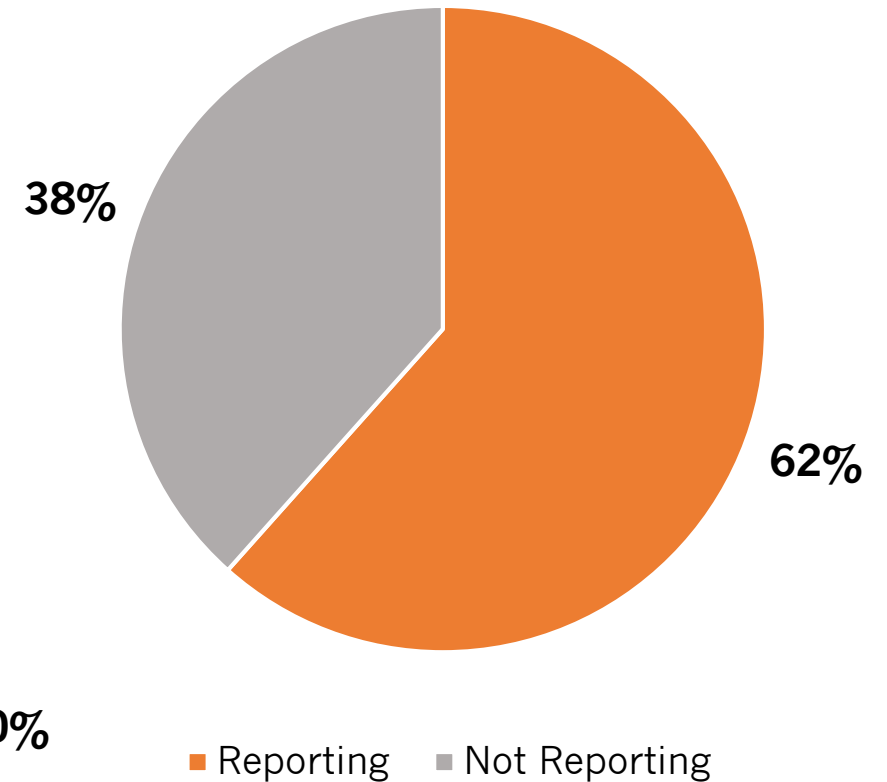


# Value chain (scope 3) emissions are mostly reported in the communication services, consumer discretionary, information technology, and consumer staples sectors

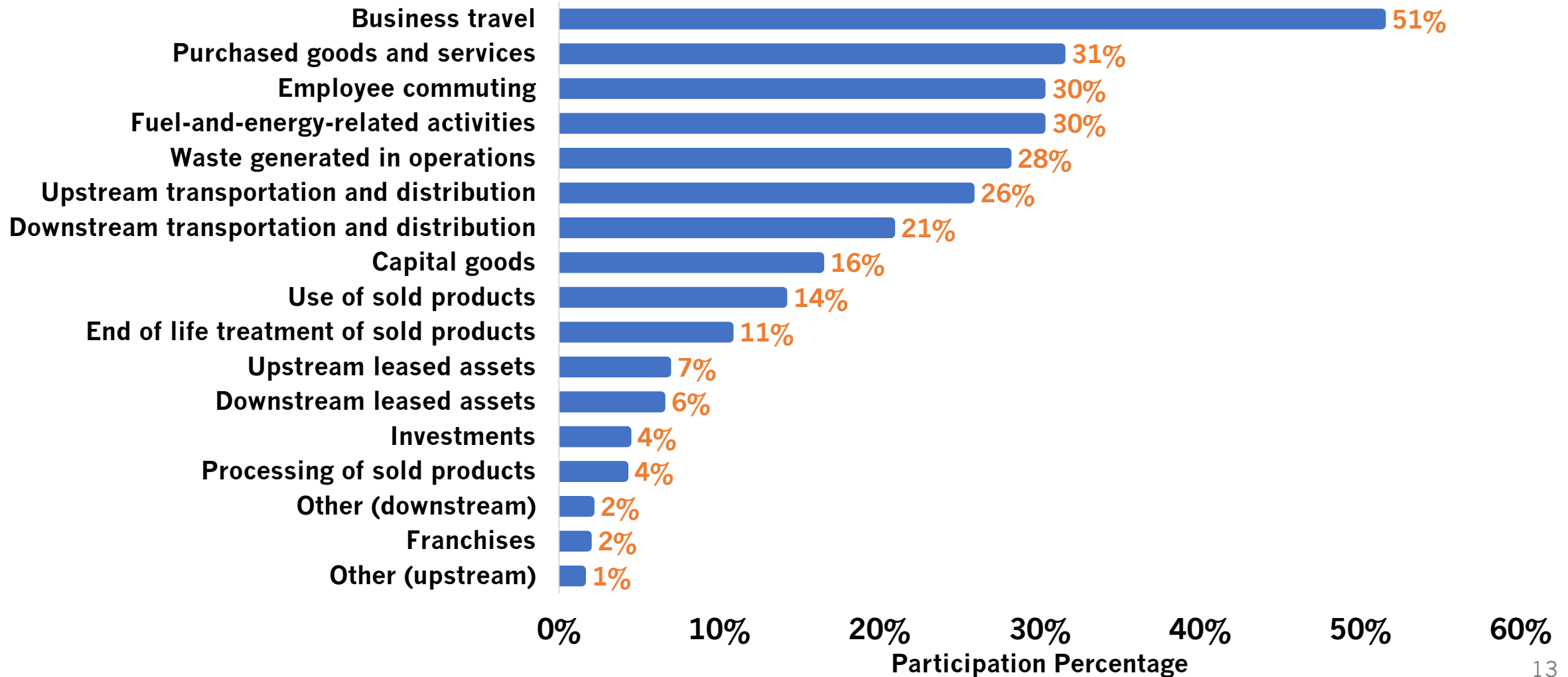
## Reporters by Sector



## Percentage of Reporters

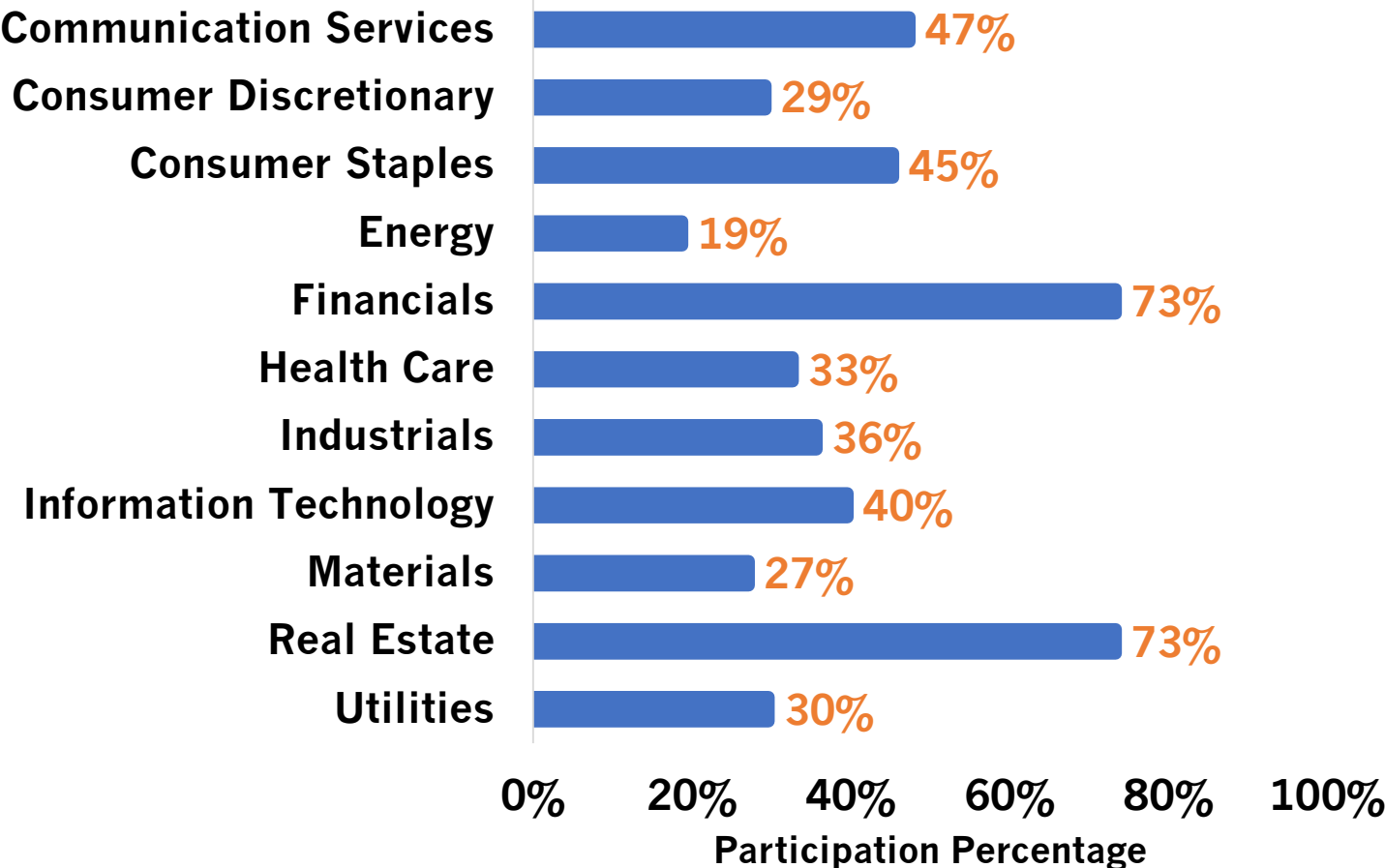


# Business travel is the most commonly-reported source of scope 3 emissions

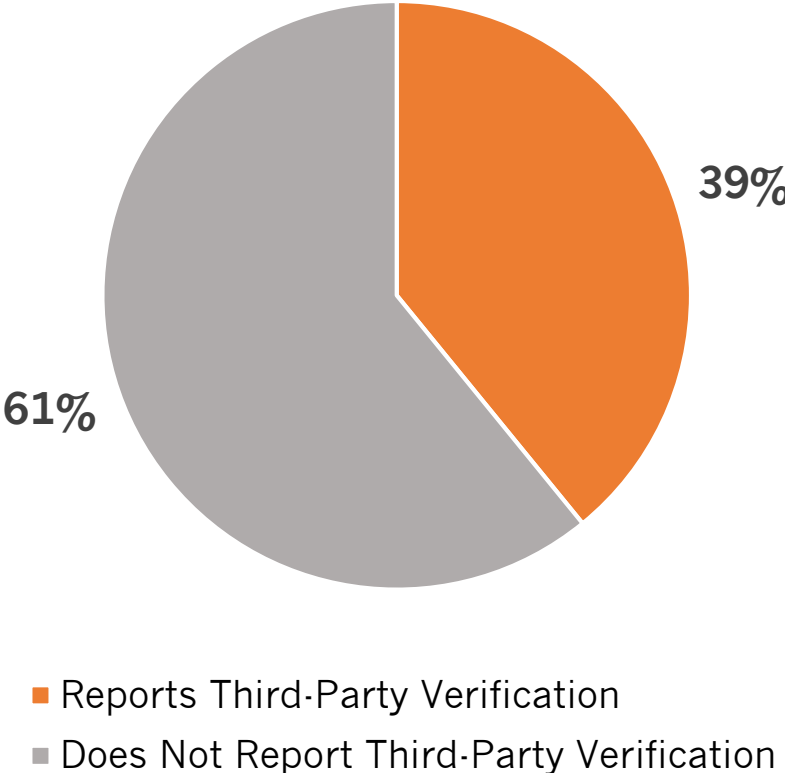


# Over 1/3 of companies receive third-party verification of value chain emissions

## Reporters by Sector

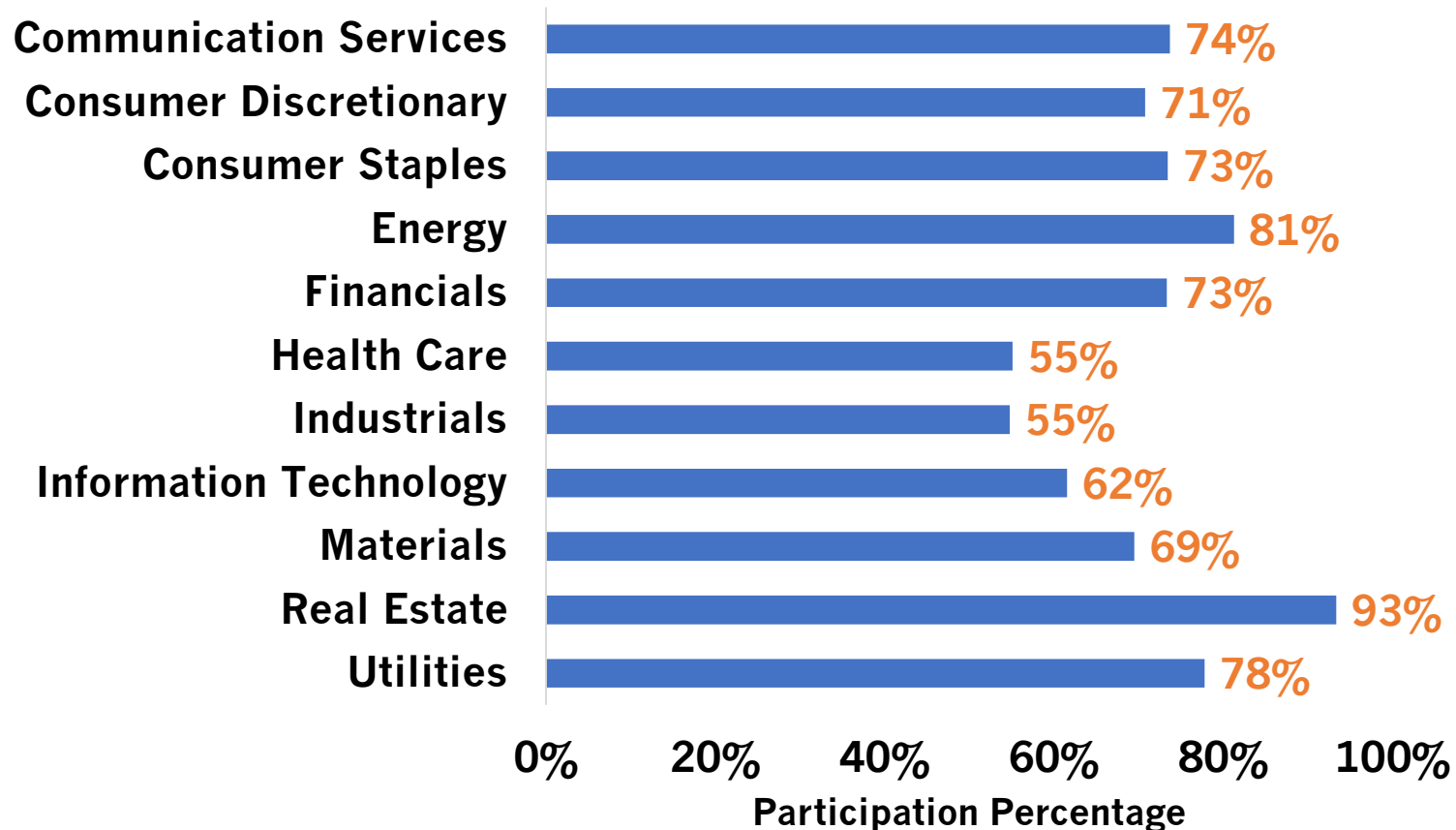


## Overall Percentage of Companies Receiving Third Party Verification

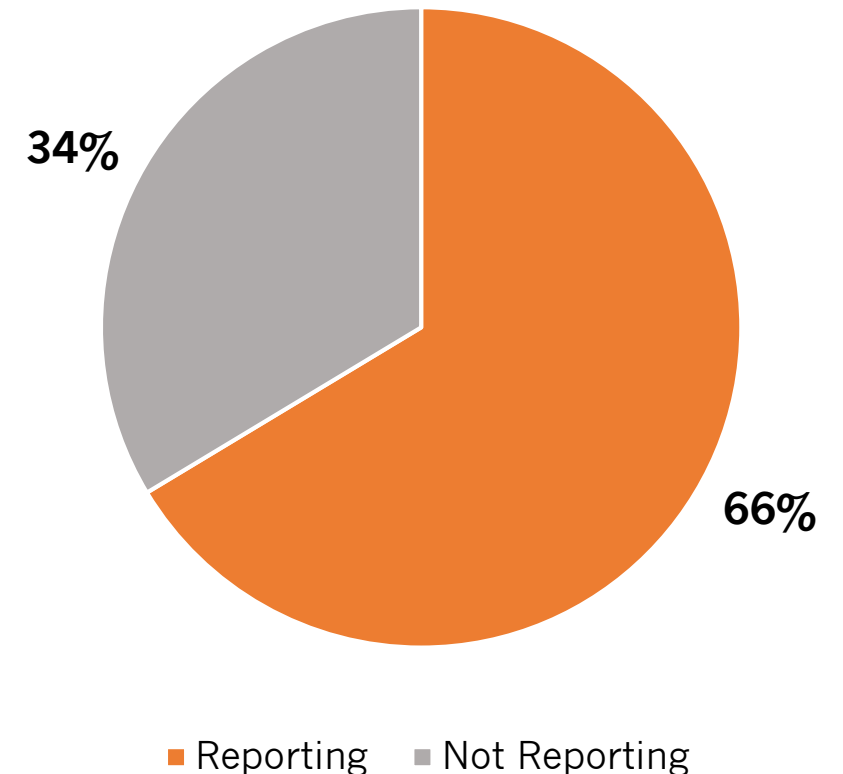


# 2/3 of companies have analyzed climate-related opportunities that could have a substantive business impact

## Reporters by Sector



## Percentage of Overall Reporters

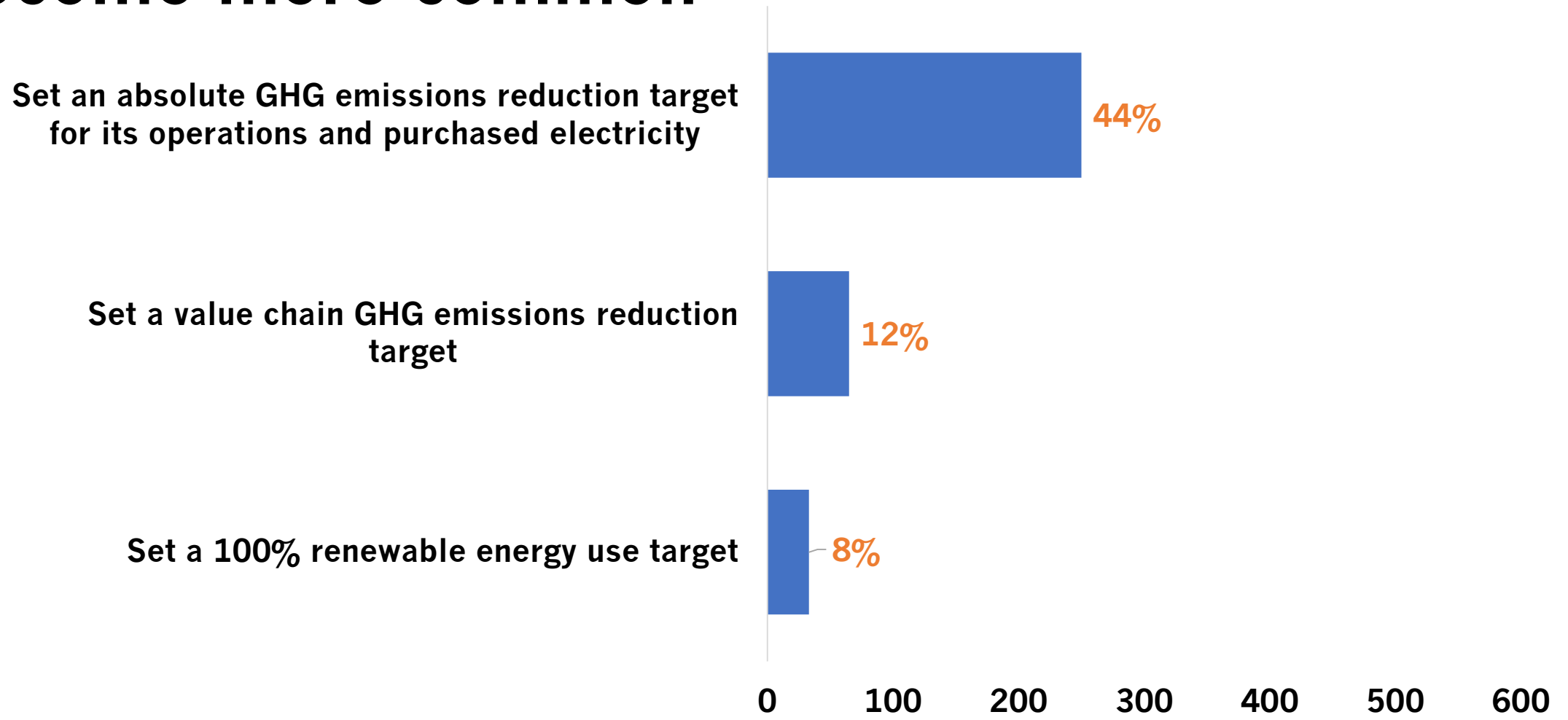




# Target Setting

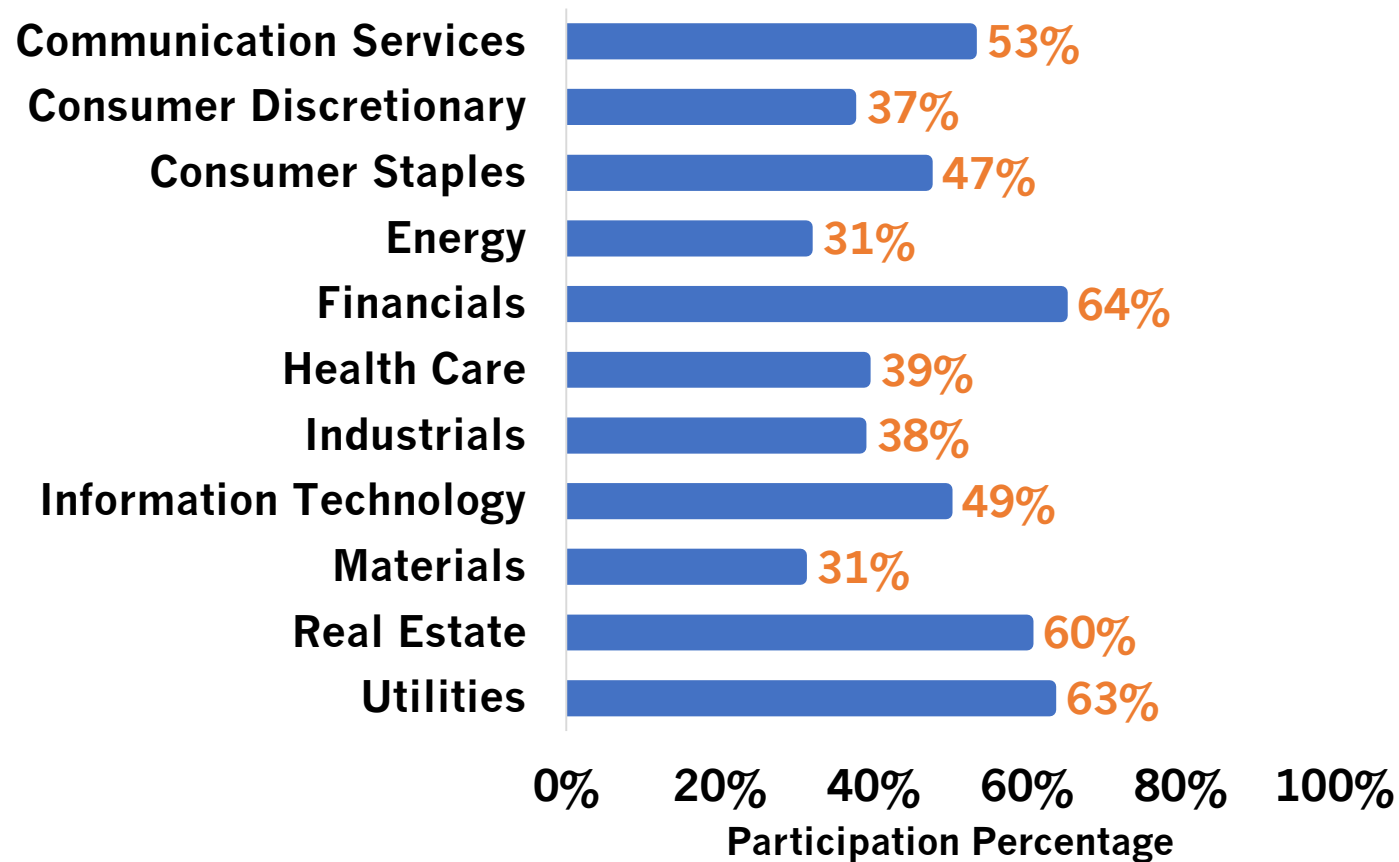


# Absolute targets for reducing emissions from operations and purchased electricity have become more common

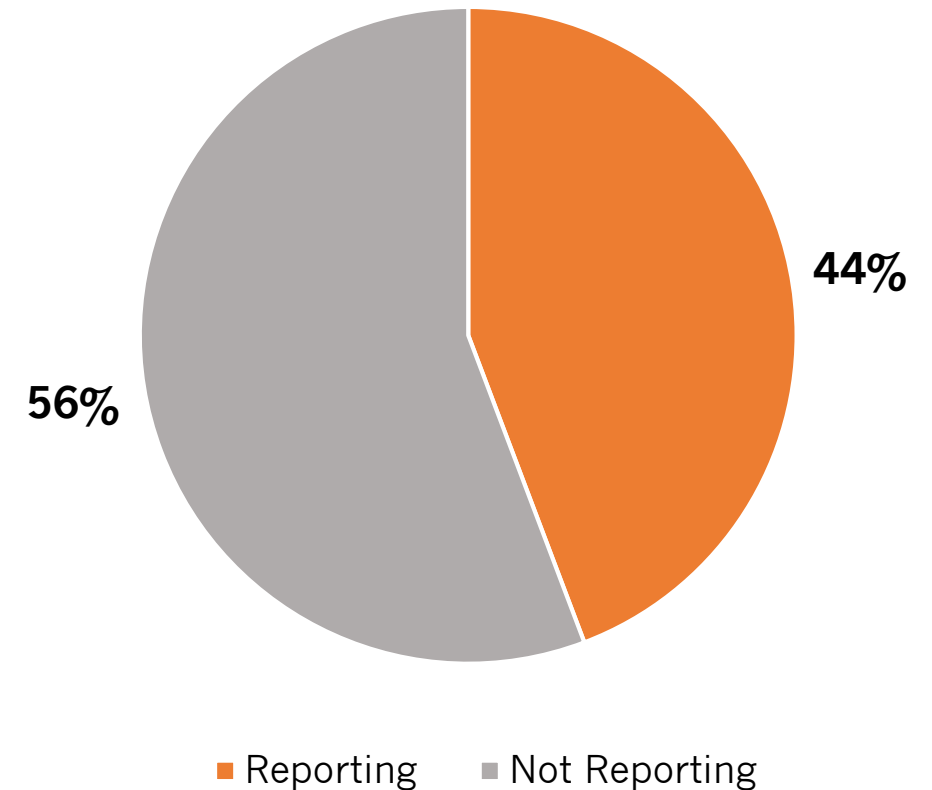


# Nearly half of companies in the dataset have scope 1 and scope 2 absolute reduction targets

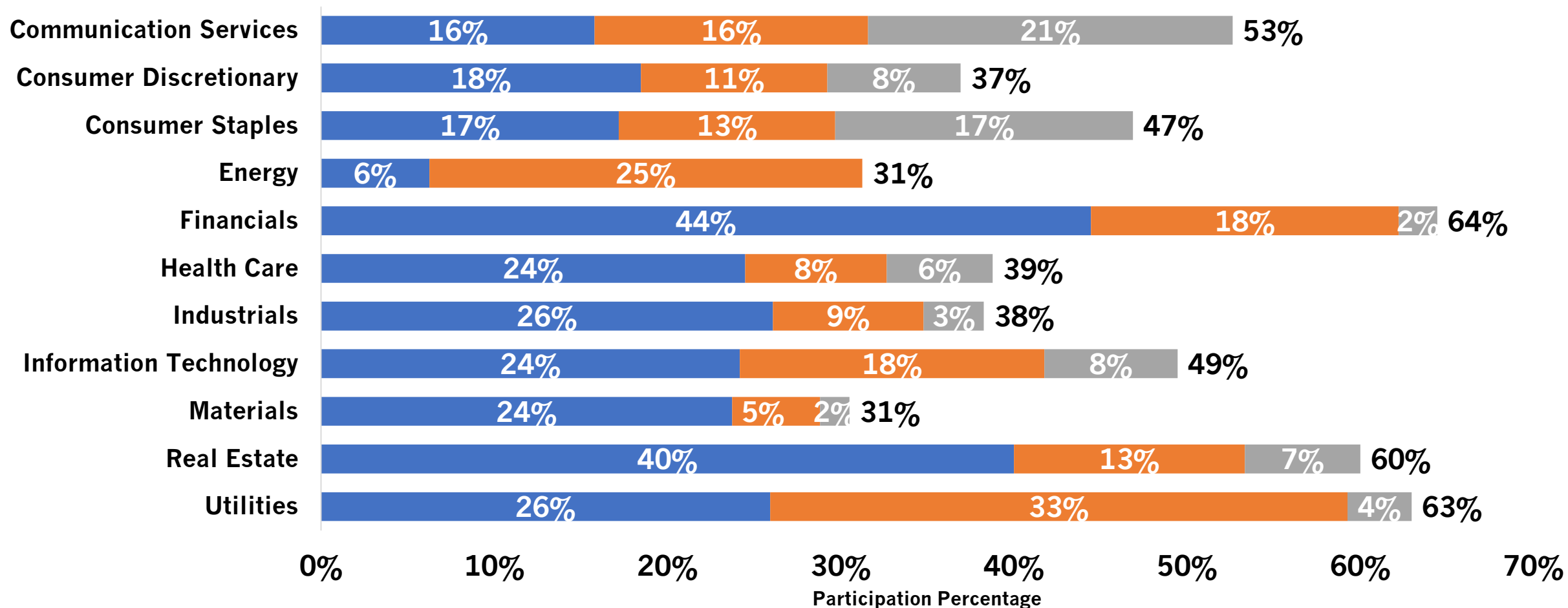
## Reporters by Sector



## Percentage of Overall Reporters



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



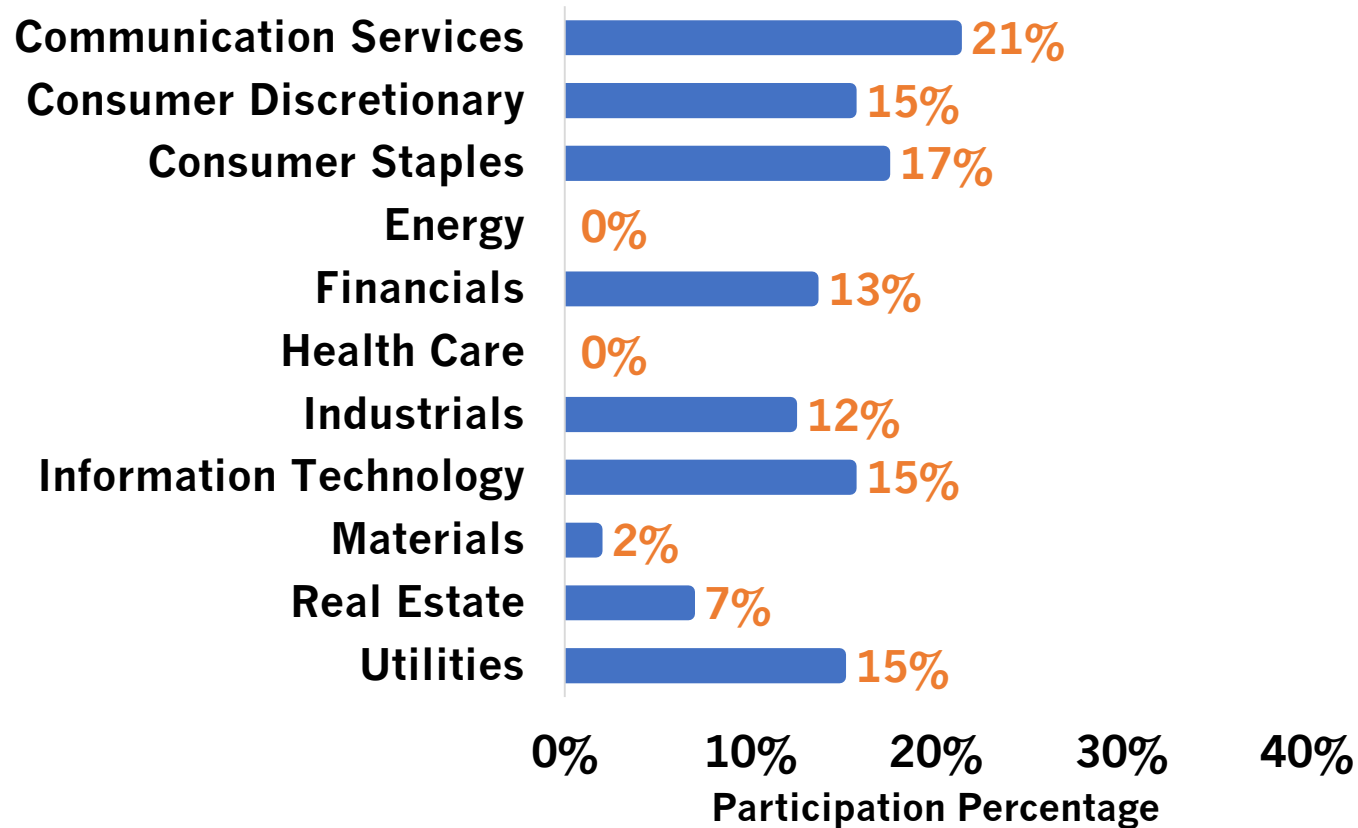
■ Has an absolute scope 1 and/or scope 2 target

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

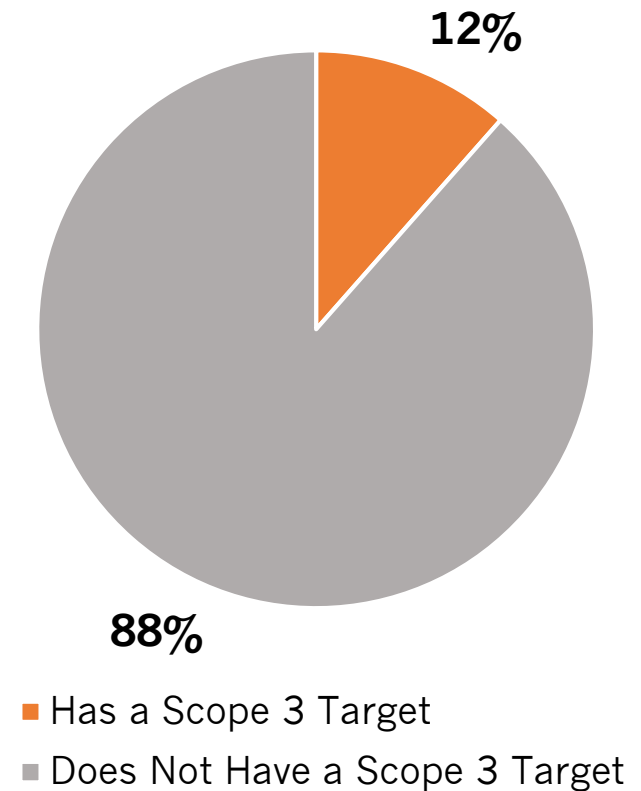
■ Has an absolute scope 1 and/or scope 2 target that has been approved as science-based by the Science Based Targets Initiative <sup>19</sup>

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

## Reporters by Sector

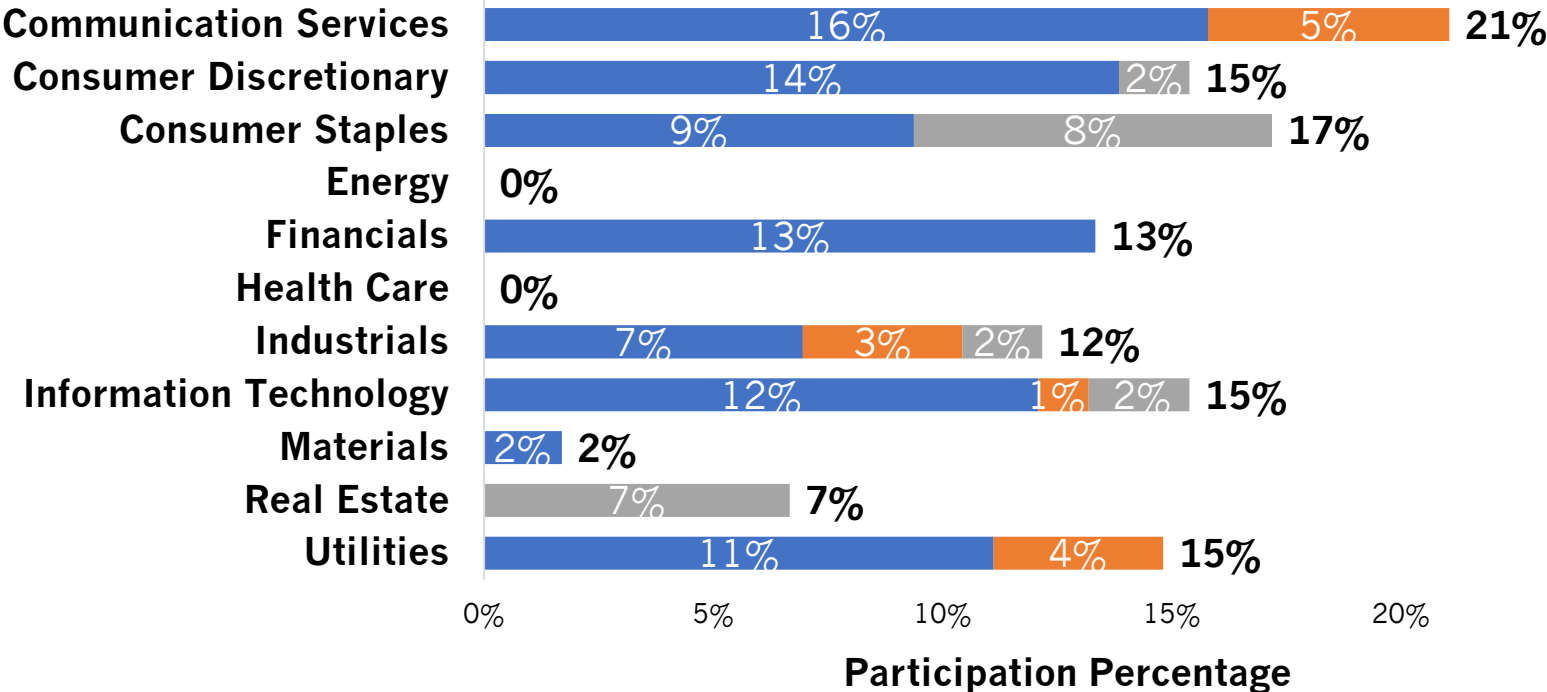


## Percentage of Reporters

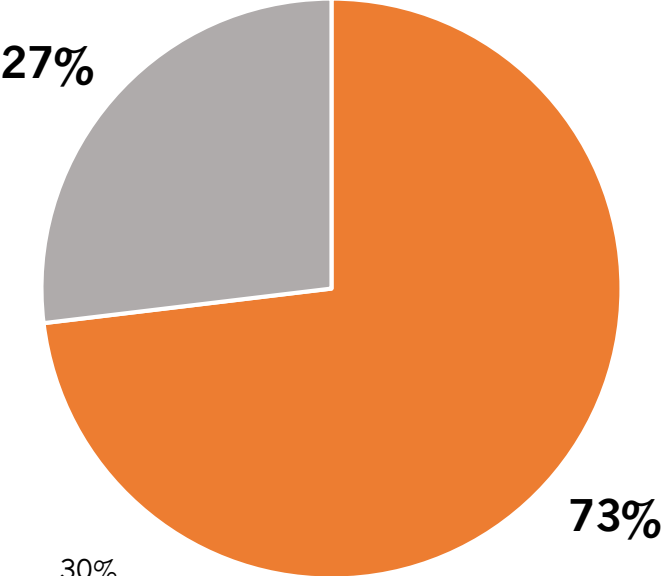


# Not all sectors have absolute scope 3 targets; most targets are also not validated Science-Based Targets

## Reporters by Sector



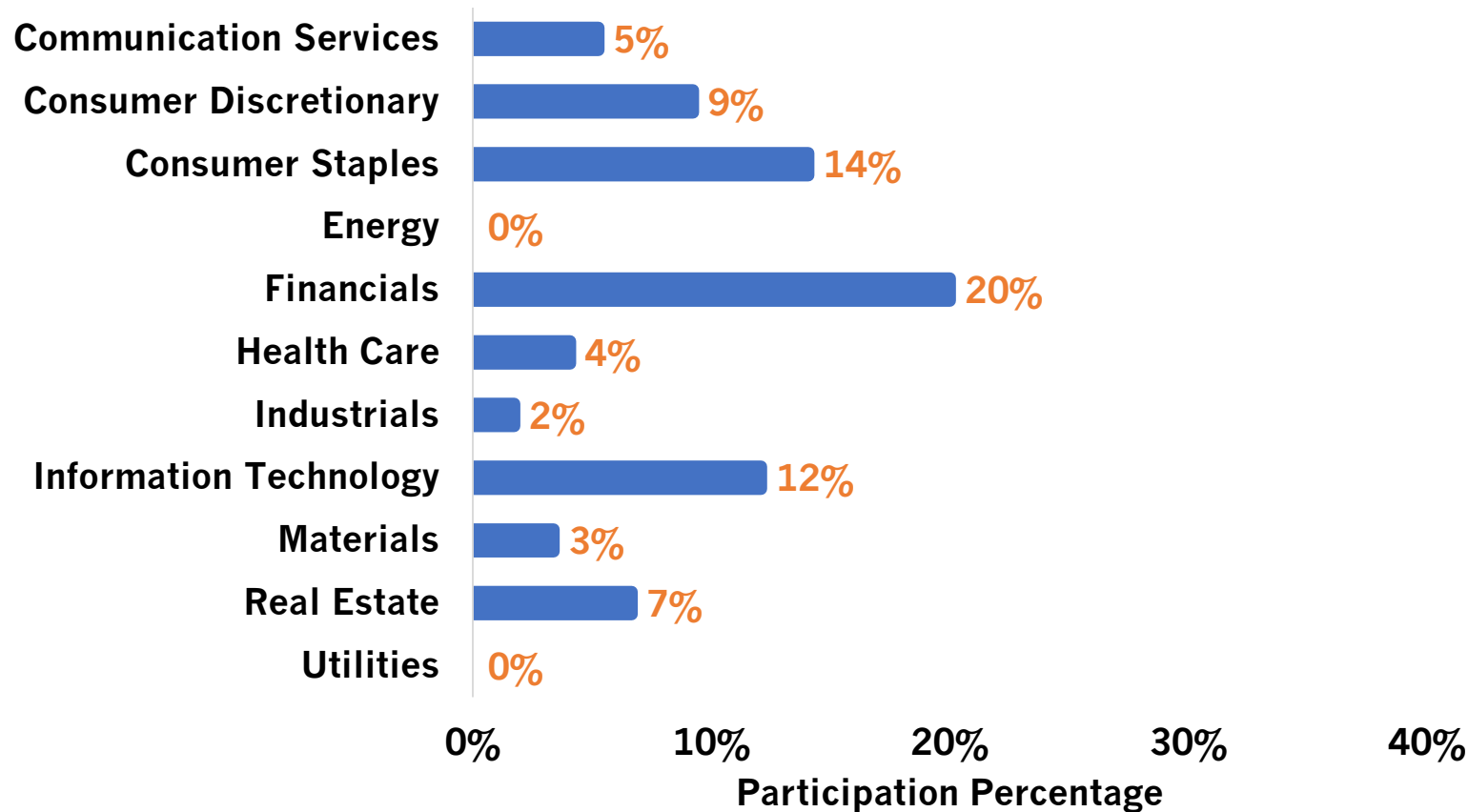
## Percentage of Reporters



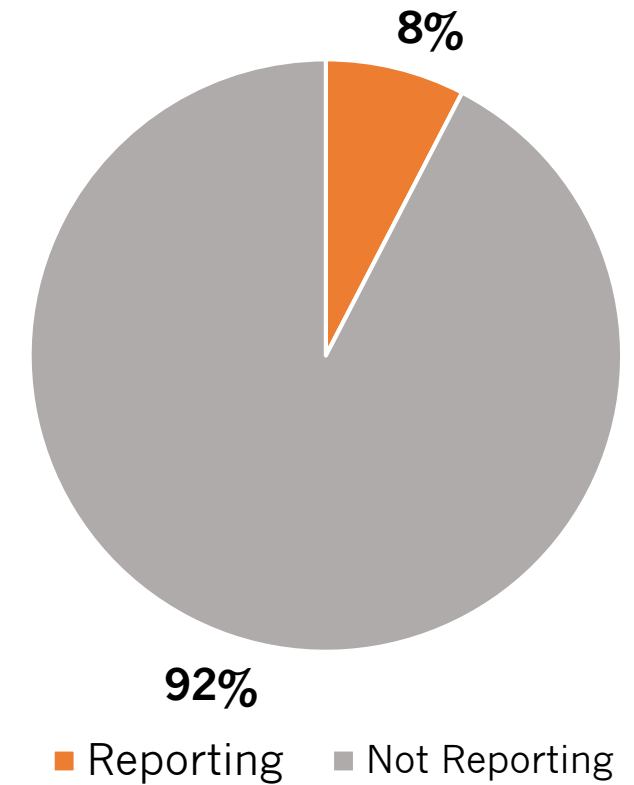
- Has an absolute scope 3 target
- Has an absolute scope 3 target and is considered to be a science based target
- Has an absolute scope 3 target that has been approved as science-based by the Science Based Targets Initiative

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

## Reporters by Sector

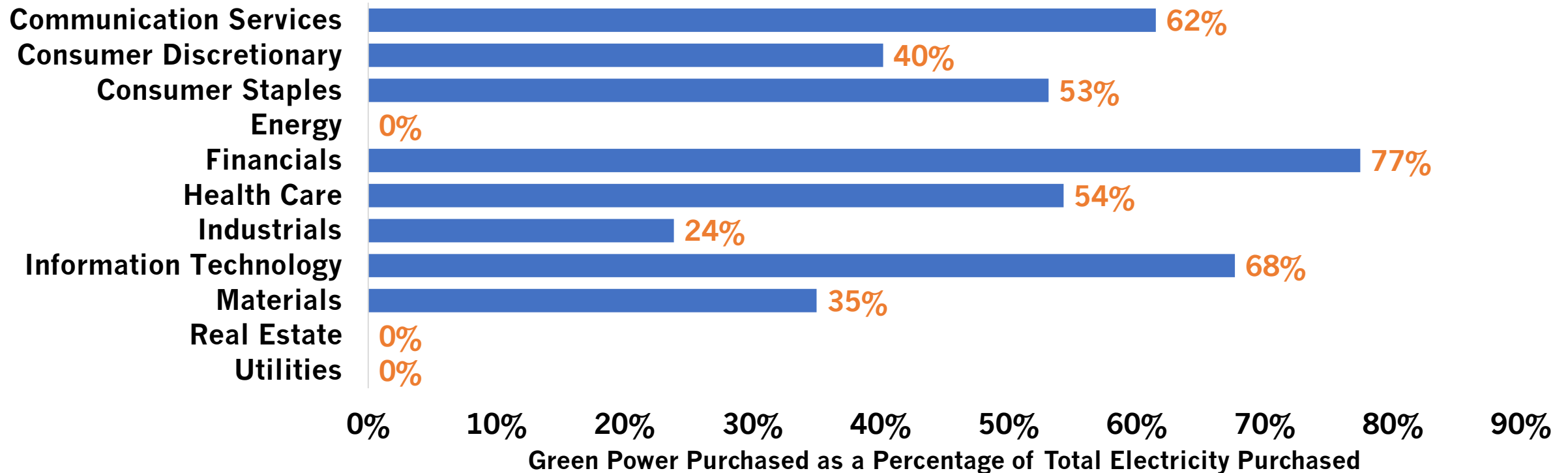


## Percentage of Reporters



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**
- **Resources for developing corporate GHG inventories**
- **Resources for engaging value chains on GHG management**

**We want to hear from you!**

**Please send your questions and comments to:**

**[cccl@epa.gov](mailto:cccl@epa.gov)**