



Climate Reporting as Instrument for CO₂ Reduction (CRed)

The current situation and call for research:

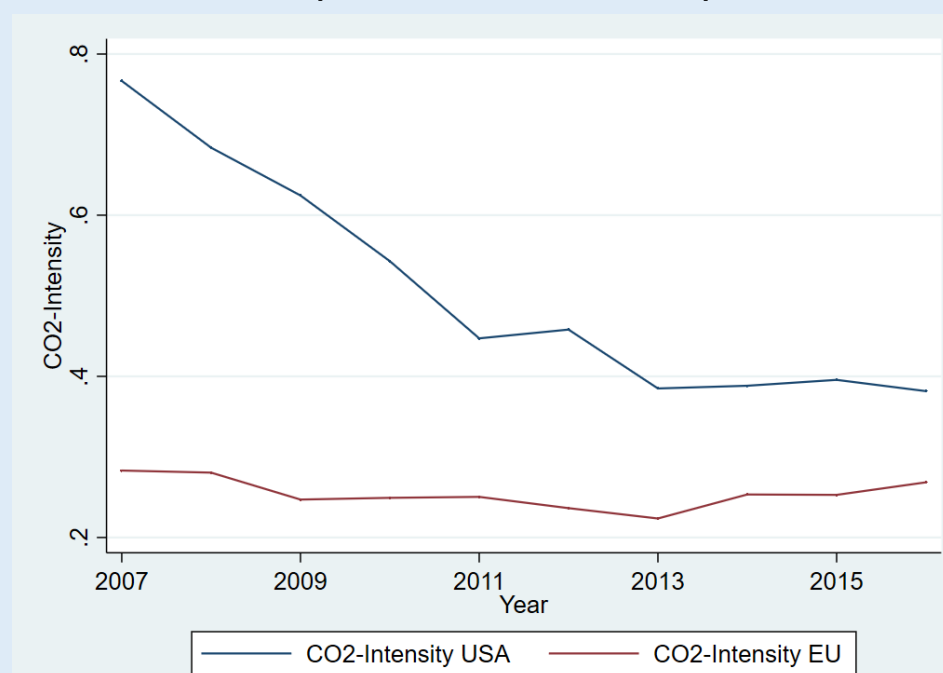
A wide range of voluntary and mandatory carbon reporting initiatives put pressure on companies to report their efforts, aims, and performance regarding CO₂ emissions. However, it is unclear whether those climate disclosure schemes have the potential to foster CO₂ reduction. The project analyses the contribution of climate reporting to CO₂ reductions and will provide recommendations to improve climate reporting and help implementing a carbon neutral economy.

Status quo of climate change reporting (WP1)

Work package 1 illuminates the status quo of climate reporting. We analyse whether and how mandatory and voluntary climate reporting is associated with changes in corporate CO₂ emissions and with changes in investor reactions to disclosed climate data. In an archival panel data analysis, the different times of introduction of mandatory disclosure of CO₂ emission in the USA and Europe are used to form control groups.

Preliminary results:

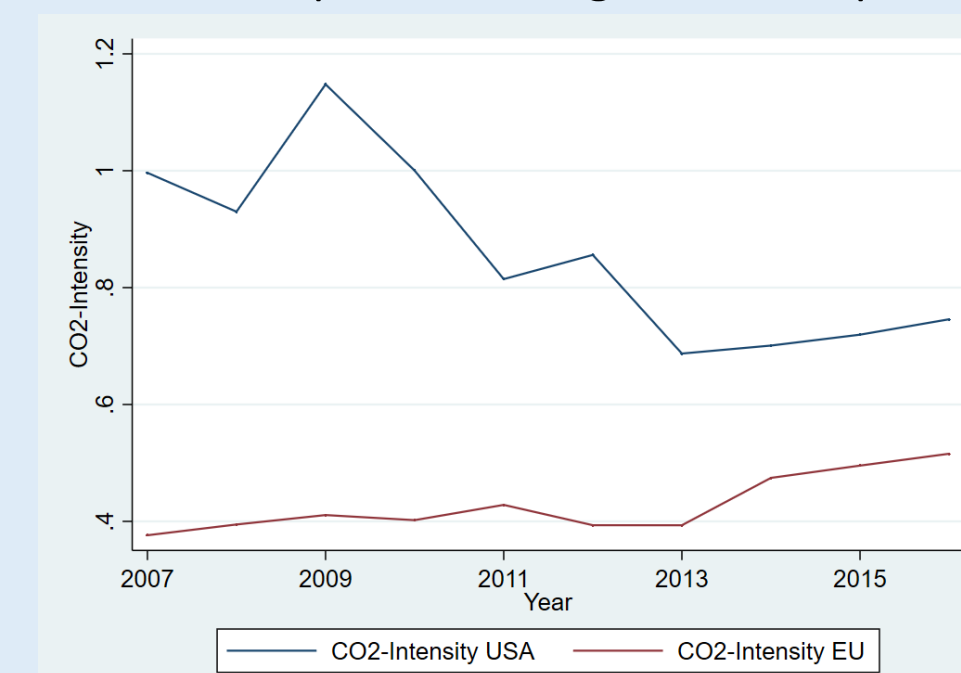
USA/EU Comparison of all companies



Since the introduction of the EPA Greenhouse Gas Reporting Program in the USA in 2010, scope 1 CO₂ emissions have been steadily declining, approximating EU levels.

The preliminary results indicate that mandatory disclosure of CO₂ emissions motivates firms to improve their CO₂ performance.

USA/EU Comparison of regulated companies



Emission intensive industries that are regulated in the USA as well as the EU (through the European Emission Trading Scheme) reveal a similar trend of somewhat steady levels in the EU and a decline in the USA.

Corporate climate data in the investment process (WP2)

In work package 2, the research takes the investor's perspective on climate change reporting. It is unclear, whether and potentially how investors use climate data in their evaluation and investment decision process.

These questions are addressed first in an explorative qualitative study with investors, analysts, and company representatives using semi-structured in-depth interviews. In a second step, the results are verified in a large scale survey.

The analysis helps to better understand the relevance of climate data in the investment decision-making process with the goal to present recommendations on how to improve the use of this data.

Climate change reporting and management decision making (WP3)

In work package 3, the project analyses the influence of different designs of climate reporting on managerial decision-making and thus also takes the corporate perspective on climate reporting. In a series of laboratory experiments, managers make climate change-related decisions in a realistic market setting.

The results will allow recommendations on which design(s) of climate change reporting are best suited to encourage managers to make emission-reducing investments and thus meet the overall goal of reducing corporate CO₂ emissions and the carbon footprint.

Processing and dissemination of results, project management (WP4, ongoing)

Apart from the project management and the scientific writing, in work package 4 we will compile practice-oriented publications (management summaries, policy briefs and articles for the relevant target groups), which will be opened to a broader audience. For the exchange and intensive discussion of the project results, there will be a series of stakeholder workshops, which will function as a link between the pillars of practice-oriented and academic dissemination. Results of all three working packages will be summarized in "policy briefs" providing recommendations for decision makers in politics and society.