The short-term risk: how economic recovery could affect GHG emissions from Iberia 125 companies

Iberia 125 Climate Change Report 2013

28 November 2013

Report writer:

Scorer:

The evolution of CDP

With great pleasure, CDP announced an exciting change this year.

Over ten years ago CDP pioneered the only global disclosure system for companies to report their environmental impacts and strategies to investors. In that time, and with your support, CDP has accelerated climate change and natural resource issues to the boardroom and has moved beyond the corporate world to engage with cities and governments.

The CDP platform has evolved significantly, supporting multinational purchasers to build more sustainable supply chains. It enables cities around the world to exchange information, take best practice action and build climate resilience. We assess the climate performance of companies and drive improvements through shareholder engagement.

Our offering to the global marketplace has expanded to cover a wider spectrum of the earth's natural capital, specifically water and forests, alongside carbon, energy and climate.

For these reasons, we have outgrown our former name of the Carbon Disclosure Project and rebranded to CDP. Many of you already know and refer to us in this way. Our rebrand denotes our progress as we continue to catalyze action and respond to business, finance, investment and environmental needs globally.

We now have a bolder, more dynamic look and logo that reflects the scale of the work we must undertake in the coming years to move the markets ahead of where they would otherwise be on these issues and realize truly sustainable economies.

- **Over 5,000 companies from all over the world have been asked to report on climate change through CDP this year;**
- **81% of the world's 500 largest public companies listed on the Global 500 engage with CDP to enable effective measurement of their carbon footprint and climate change action;**
- **CDP is a not-for-profit organization. If you would like to support our vital work through donations or sponsorship opportunities, please email paul.robins@cdp.net or telephone +44 (0) 7703 184 312.**

CDP™

DRIVING SUSTAINABLE ECONOMIES

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To read 2013 company responses in full please go to www.cdp.net/en-US/Results/Pages/responses.aspx

CEO Foreword

As countries around the world seek economic growth, strong employment and safe environments, corporations have a unique responsibility to deliver that growth in a way that uses natural resources wisely. The opportunity is enormous and it is the only growth worth having.

This year we passed a significant landmark of 400ppm of carbon dioxide in the atmosphere and are rapidly heading towards 450ppm, accepted by many governments as the upper limit to avoid dangerous climate change. he Intergovernmental Panel on Climate Change (IPCC) 5th assessment report (AR5) strengthens the scientific case for action.

Fears are increasing over future climate change impacts as we see more extreme weather events, Hurricane Sandy the most noted with damages totalling some $42 billion[1]. The unprecedented melting of the Arctic ice is a clear climate alarm bell, while the first 10 years of this century have been the world's hottest since records began, according to the World Meteorological Organization.

The result is a seismic shift in corporate awareness of the need to assess physical risk from climate change and to build resilience.

For investors, the risk of stranded assets has been brought to the fore by the work of Carbon Tracker. They calculate around 80 % of coal, oil and gas reserves are unburnable, if governments are to meet global commitments to keep the temperature rise below 2°C. This has serious implications for institutional investors' portfolios and valuations of companies with fossil fuel reserves.

The economic case for action is strengthening. This year, we published the 3% Solution[2] with WWF showing that the US corporate sector could reduce emissions by 3% each year between 2010 and 2020 and deliver $780 billion in savings above costs as a result. 79% of US companies responding to CDP report higher ROI on emission reductions investments than on the average business investment. Meanwhile, governments are taking new action: The US Administration has launched its Climate Action Plan, with a new emphasis on reducing emissions from utilities; China is developing air pollution measures and moving toward pilot cap and trade schemes; the UK Government has mandated greenhouse gas emissions reporting for all large listed companies; the EU is looking at improving environmental and other reporting.

The pressure on corporations, investors and governments to act continues. At CDP, we have broadened our work to add forests to climate and water so our programs now extend to an estimated 79% of natural capital, by value[3]. To reflect this, we rebranded at the start of the year from the Carbon Disclosure Project to CDP and are increasing our focus on projects to accelerate action. One explores how corporations influence public policy on climate change both positively and negatively. Some corporations are still acting – both directly and through trade associations – to prevent the inevitable: nations need sensible climate regulation that protects the public interest over the long term.

As countries around the world seek economic growth, strong employment and safe environments, corporations have a unique responsibility to deliver that growth in a way that uses natural resources wisely. The opportunity is enormous and it is the only growth worth having.

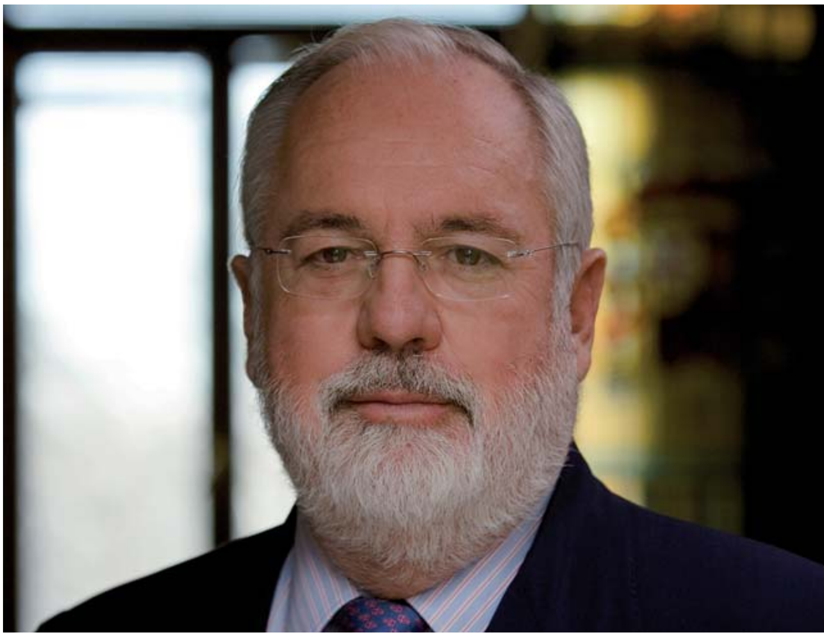
Paul Simpson
CEO CDP

1 New York State Hurricane Sandy Damage Assessment; Governor Andrew Cuomo; November 12, 2012 http://www.governor.ny.gov/press/11262012-damageassessment

2 https://www.cdproject.net/CDPResults/3-percent-solution-report.pdf

3 Based on findings from the report Natural Capital at Risk: The Top 100 Externalities of Business, published by TEEB for Business Coalition in April 2013

Letter from Spain



We are convinced of the opportunity that environment protection represents to stimulate growth and create jobs, by promoting the most dynamic and innovative companies

Progress towards a low-carbon economy, in addition to being necessary, has huge opportunities for expansion, competitiveness and savings. From the business point of view, this development strengthens the most efficient companies, letting them to reduce their costs by reducing energy consumption, as well as investing in innovation and, at the same time, improving its image by showing their commitment to the environment.

Communicating this commitment to the citizens through products and services, those companies are contributing to raise the society awareness about environment protection and, in particular, about climate change.

The data collected in CDP 2013 report, show that it is possible to move towards more sustainable, low-carbon models. And, from the Government, we maintain that greater environmental protection is compatible with an improvement of the competitiveness of our economy. Moreover, we are convinced of the opportunity that it represents to stimulate growth and create jobs, by promoting the most dynamic and innovative companies. Therefore, the Ministry of Agriculture, Food and Environment works to encourage emissions reductions in our territory, setting the right incentives. It is all about to value those actions that preserve our climate system and to compensate those who promote them.

So, we have promoted initiatives like "Clima" Projects which foster the development of actions to reduce emissions in sectors not subject to the emissions trading system, through the purchase of the generated verified emission reductions. With two calls since its inception, the response of Spanish companies has been fully satisfactory.

Additionally, we have launched PIMA Sun project, which promotes energy efficiency actions in hotels, and PIMA AIR 2 to promote new sustainable mobility systems. Moreover, particularly linked to the efforts of companies involved in this report, we are designing the legislative document that will create the registration mechanism for the National Carbon Footprint System and sequestration projects for offsetting emissions.

Iberia 125 Climate Change Report 2013 shows that more and more companies are disclosing their reduction targets and report having initiatives to this end. However, it is necessary to stress the importance of properly framing these actions in the patterns of development of our country, so that economic growth more effectively decouples from emissions increase. This is especially relevant, not only for companies, but also from the point of view of international commitments acquired by Spain to reduce greenhouse gases emissions.

At the international level, it should be noted, as well, that climate change negotiations are going through a critical time. We are facing the challenge of developing a new international climate change agreement legally binding. This agreement will shape the international climate regime from 2020, setting a clear and ambitious framework, which also constitutes a safe and appealing horizon for investments in clean technologies, encouraging the growth and use of green employment niches.

I appreciate the initiative of CDP, ECODES and the companies and institutions that support this report. And I encourage all our businesses, and especially those who have participated in this edition, to move forward towards a low carbon economy, to lead the future in their own benefit and in the benefit of the whole of Spanish society.

Miguel Arias Cañete
Minister of Agriculture, Food and the Environment

Letter from Portugal

The challenge of reducing GHG emissions should be seen as an opportunity to identify pathways for future competitiveness and to address fundamental issues such as those of sustainable development, job creation, energy and food security.

Climate change concerns are a great challenge that needs further reflection and improvement of policies. Latest reports from the IPCC strengthen the case for action on mitigation while recognizing that adaptation measures will also need to play a key role in building more resilient low carbon economies and societies.

In recent years the international community has explicitly recognized the scale of the climate change challenge of reducing emissions of greenhouse gases (GHG) through its endorsement of the objective of limiting the increase of the mean global temperature to not more than 2ºC. This political challenge is nothing short of a revolution in many areas of our daily lives.

This challenge should be seen as an opportunity to identify pathways for future competitiveness in critical sectors, including the emerging green technologies, and to address fundamental issues such as those of sustainable development, job creation, energy and food security.

The business sector needs to play a strong role in this change and it is with enthusiasm that we see more and more Portuguese companies ready to respond to CDP.

Building a greener low carbon future is a story of competitiveness and jobs, an opportunity for enhance efficiency and seek for better practices. It is a positive-sum game whereby both the community and business can benefit and prosper. CDP represents a showcase of such practices and opportunities and a preview of what a greener low carbon future could look like.

It is encouraging to see how companies in Portugal are able and willing to disclose their emissions data, energy efficiency strategies and opportunities/risks associated with climate change. This transparency helps engaging other companies to face the challenge of reducing their carbon footprints. It also contributes for the awareness of the role of emission reduction as a driving force for sustainability and economic development.

I hope in the future we will continue to see increasing participation from Portuguese companies in CDP, as it continues its important mission of accelerating solutions to climate change by putting relevant information at the heart of business, policy and investment decisions.

Jorge Moreira da Silva
Minister of Environment, Regional Planning and Energy

Prologue from ECODES

I hope that this report will raise awareness about the need for companies to invest in long-term actions to reduce their emissions.

Once again, I am pleased to present this report in which we try to take the pulse of how Spanish and Portuguese companies are managing an issue as important as climate change.

Perhaps this year, more than ever before, the mix of messages we get instills fear, but it also encourages us to continue working for a low carbon future.

The IPPC has just started to publish its fifth assessment report showing the scientific knowledge: climate change is most likely due to human action, its consequences are more severe than what was assumed so far, and we still have a margin of action, although increasingly narrow, to limit climate change to the security level of a 2°C increase. But meanwhile the carbon concentration in the atmosphere has reached its highest point since we have records.

In the European Union GHG emissions were reduced during the last two years due to several factors, including rising energy prices and favorable weather that reduced energy consumption needs, in spite of positive, albeit modest, economic growth.

In the Iberian region, reduced economic activity that both Spain and Portugal have suffered since the beginning of the crisis has resulted in a reduction of domestic consumption, energy consumption and transportation. This fact contributed to a reduction of GHG emissions at a rate similar to the evolution of GDP. Initial 2012 estimates indicate that GHG emissions were down 1.6% in Spain and 4.0% in Portugal, while GDP contracted by 1.4 % and 3.2 %,respectively in these countries.

The reduction would have been greater, but the favorable weather has been offset, among other reasons, by changes in the energy mix which caused a carbon intensity increase (the amount of GHG emissions generated by each unit of GDP) in both countries.

It is not helpful for Spanish and Portuguese businesses that at a time when they especially need to increase their sources of funding, international investors see a risk in a scenario in which, in an economic recovery, emissions of greenhouse gases grow at levels greater than those prior to the crisis. So I hope that this report will raise awareness about the need for companies to invest in long- term actions to reduce their emissions and will also give visibility to the best practices that many Spanish and Portuguese companies are implementing to improve their climate change management performance.

Víctor Viñuales
Director, ECODES

PwC commentary

> *Finding an adequate balance to combine urgent growth necessities for our country and develop a low carbon economy results in a fundamental challenge which must allow decoupling economic development from the increase in GHG emissions, as well as to improve impact and society's life conditions.*

Are we getting out? Aren't we? … this is the daisy plucked by several people when speaking about crisis in our country. In Spain, as in the rest of the world, we urgently need to find growth strategies to reduce the alarming unemployment rate and improve life conditions for a share of the Spanish population. If this wasn't enough, in addition to this unprecedented crisis, overwhelming scientific evidences of increasing climate change have to be added. This is confirmed by the outcomes of the last IPCC Report.

Within this context, finding an adequate balance to combine urgent growth necessities for our country and develop a low carbon economy results in a fundamental challenge. This growth must allow decoupling economic development from the increase in GHG emissions, as well as to improve impact and society's life conditions. So far, no significant evidences have been found to prove progress in this direction. However, there are initiatives such as the CDP that promote high quality information to foster investors, firms and governments to take measures to avoid the climate change.

In this regard, the last results from the CDP report show several approaches. At a global level, it states that firms are progressing in terms of transparency, as well as on their GHG monitoring and verification capabilities, and their capacity to start addressing impacts on their value chain. In Spain, progress in monitoring is similar, although there is stagnation in the area of verification against an increase of 14% showed by firms at global level. It is not a coincidence that the ISAE 3410, which has been developed exclusively for the finance world to verify carbon inventories, will be put into effect this year.

In Spain, there are several companies rating high in the global climate change indexes, way over to what would be expected for our contribution as a country. For instance, transparency showed from companies participating in the Global 500 CDP has improved in 25 points since 2009, reaching an average score of 91 points (over 100) in 2013.

However, our country's social context demands new compromises with expectations, sometimes contradictory, from the different stakeholders. Although firms have already started to consider a wider management approach in terms of impacts, they face a lack of valid models to take decisions in order to integrate the measurement of the different impacts.

In regards to this question, PwC has been working with several clients and organizations to develop an integrated approach for Total Impact Measurement and Management (TIMM).

TIMM enables firms to have a better understanding, not only of the environmental impacts of their activity, but of the social, economic and fiscal impacts too, in addition to their financial results. This exercise allows firms to show their total contribution to the society in a wider sense, in a moment in which their role is sometimes being either questioned or threatened by new regulations. Furthermore, it allows to compare strategies and take investment decisions using quantitative monetized data, as well as to evaluate the total impact for each decision and communicate it to the different stakeholders. The model enables to measure, understand and compare impacts coming from different alternatives and thus, to take decisions with a wider knowledge and disseminate better the relevant role of the business activity for the society.

TIMM can support on taking decisions based on delivering better information, setting up the required transformations to address the growing exigencies from a low emissions context and achieve an adequate balance between growth and environmental and social aspects.

Mª Luz Castilla
Partner. PwC

Executive summary: 2013 highlights

The CDP **Iberia 125 Climate Change Report 2013** is the sixth in the series of CDP reports for Spain and the third for the pooled sample Iberia 125 of the 85 largest Spanish listed companies and the 40 largest Portuguese listed companies.

The aim of the report is to provide investors and other stakeholders with first-hand insights on disclosure and performance of Iberia 125 corporate climate change action.

This year's CDP Investor Request for information regarding Iberia 125 corporate climate change strategies was issued on behalf of 722 institutional investors that represent US$ 87 trillion in assets under management. 55 companies met this request for information, 52 of which submitted their response directly while three sent the response via their parent company. This year the sample response rate was 44%, the highest so far for the Iberia 125 sample (see Figure 1)[1].

> *EDP responds to CDP since 2009. This activity has allowed us to systematize and reflect upon our CO_2 emissions strategy, targets and projects thus giving us a deep insight about how we can pursuit the path to a low carbon economy.*
>
> **EDP**

The Iberia 125 response rate is similar to that of other neighbouring countries (France or Italy) but is far lower than sample response rates in the United Kingdom (74%) or the Global 500 which includes the 500 largest world companies (81%).

In 2012 and following the trend from 2011, the carbon intensity in both Spain and Portugal increased due to changes in the energy mix. As a consequence, emissions from business activities in both countries are growing decoupled from the economic slowdown. However, the real risk for companies is that a future recovery of the economy will be accompanied by accelerating greenhouse gas (GHG) emissions. International investors might already factor that scenario into their investment decisions, with obvious disadvantages for Spanish and Portuguese companies.

Simultaneously, from the analysis of the companies' responses to CDP questionnaire we find that, although

Figure 1. Iberia 125 companies responding to the CDP questionnaire (2008-2013)

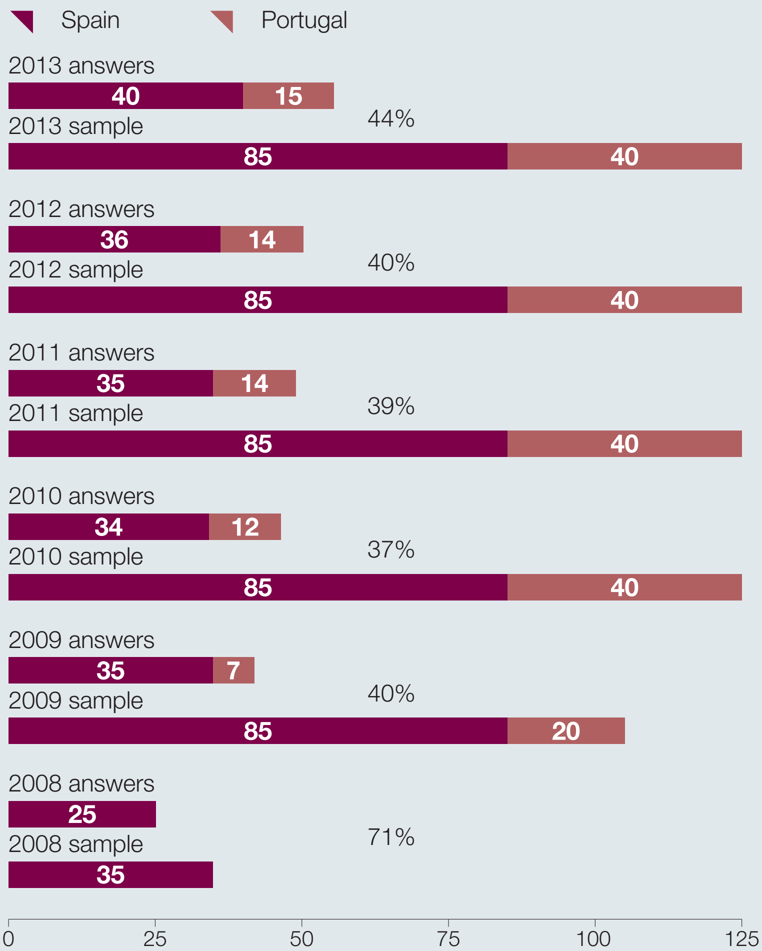


Table 1. The 10 biggest non respondent companies by capitalisation in Iberia 125 (2013)

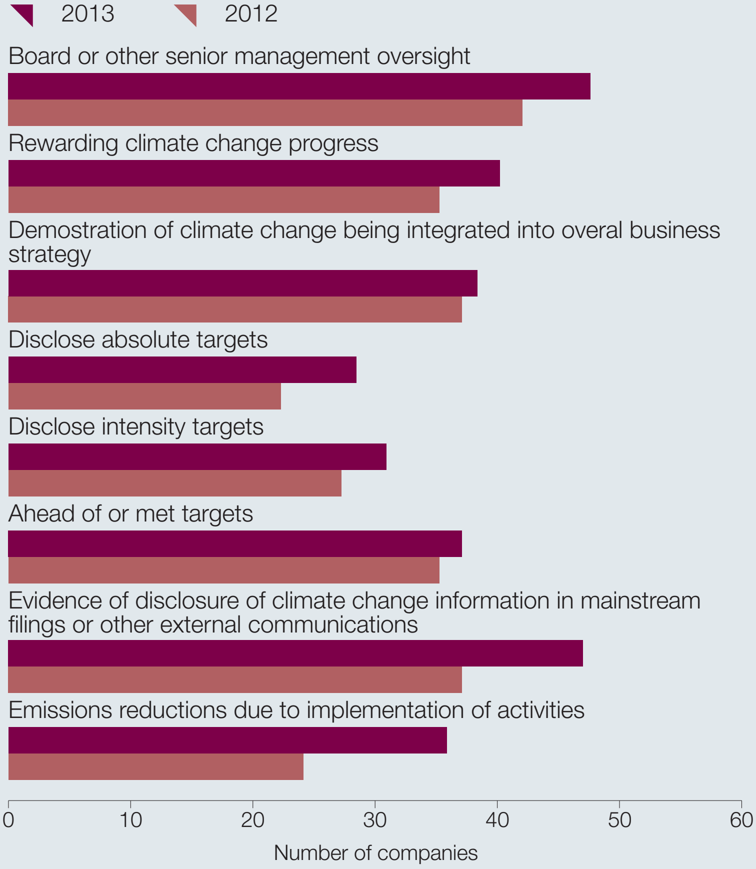
Company name	Country	Sector
ACS Actividades de Construcción y Servicios	Spain	Industrials
Zardoya Otis	Spain	Industrials
Dia	Spain	Consumer staples
Prosegur	Spain	Industrials
Brisa[2]	Portugal	Industrials
Corporación Financiera Alba	Spain	Financials
Grupo Catalana Occidente	Spain	Financials
Cimpor	Portugal	Materials
Jazztel	Spain	Information Technologies
Almirall	Spain	Health Care

1 This response rate and the percentages in Figure 1 include indirect answers to provide a complete picture of the responses received from companies by July 31, 2013. The remaining analysis in this report, except where otherwise indicated, is based on direct responses of 52 companies, which excludes the three indirect answers whose information was incorporated into their parent companies.

2 The company is no longer listed.

Executive summary: 2013 highlights continued

Figure 2. Key indicators of best practices in climate change management (2012-2013)



1. Corporate governance of climate change is improving, but it is not leading to emissions reductions

While the economic context in which business activities are carried out in Spain and Portugal are having an influence on the companies' climate strategies and performance, businesses have a number of management measures at hand to reduce both their impact (emissions) and the climate change related risks to which they are exposed.

CDP's Climate Change Program assesses the evolution of the sample companies as to the best management practices of climate change.

Despite the fact that this year's analysis shows that some new companies are still in the early stages of climate change management, respondent companies demonstrate an improvement of best practices in the management of climate change (see Figure 2).

It should be noted that 92% (48) of responding companies have assigned responsibility for climate change management to the board of directors, a committee thereof, or a senior manager of the company. If we compare this result to companies in other countries, Iberia 125 responding companies are, as in previous years, slightly outperforming other samples. Perhaps as a result of this high level of responsibility we have also observed that 90% (47) of responding companies report their climate change management in mainstream reports, and that the rate of companies offering monetary incentives to their employees for the achievement of climate change objectives has increased to 77% (40) from 71% (35) in 2012. In this respect, the Iberia 125 sample is well above the global CDP average of 65%. This fact is important because the existence of incentives is one of the indicators, according to the Global 500 Climate Change Report 2013, that has emerged as one of the key drivers to improve corporate performance in climate change.

However, the evolution of GHG emissions is not following the improvement of climate change management indicators. Although the reported Scope 1 emissions[4] in 2013 were reduced by 2% compared to the previous year (see KS4)[5], a detailed analysis attributes this fact to circumstantial factors rather than to proactive emissions reduction activities. Thus, while in 2013 there are six new responding companies, their reported emissions are much lower than those of the two companies that answered the questionnaire last year but have failed to respond this year. ACS alone, which reported 1.74 MtCO2e in 2012, represents nine times the total emissions reported by the six new companies together.

Secondly, the majority of Scope 1 emission reductions could be allocated to only two companies, Repsol and Arcelor Mittal, which have reduced their emissions by 9

corporate governance of climate change is improving, total emissions reported by Iberia 125 companies have barely changed from the previous year. Moreover, most of the reported emission reductions from responding companies are due to circumstantial factors such as disinvestments or reduced industrial activity. As a matter of fact, the number of reported emission reduction activities from Iberia 125 companies has significantly decreased in the last year. In addition, emission reduction investments in these companies are shifting to a more short term approach.

It is important to put these developments into context. In September, the Intergovernmental Panel on Climate Change (IPCC) released its fifth climate assessment report in which it confirmed with unprecedented certainty that anthropogenic activity has been the dominant cause for the rise in temperature since the last mid century. If there is no substantial change in the way we do business, continued GHG emission will cause further warming[3] and it will be more difficult than ever to limit warming to the commonly accepted 2° C threshold which has been agreed by governments and scientific bodies as limiting the worst effects of climate change.

3 http://www.ipcc.ch/news_and_events/docs/ar5/ar5_wg1_headlines.pdf

4 For the purpose of this report, "reported emissions" are global emissions reported by Iberia 125 firms in the CDP questionnaire and are not limited to the GHG taking place in Spain and Portugal.

5 KS refers to "key indicators". This is an analysis of statistics in the third chapter of this report intending to collect in a graphical and concise way the main results of the analysis of responses to climate change CDP questionnaire. Each figure in this chapter is named by adding the number of the initial KI.

and 3.8 MtCO2e respectively. Repsol's reduction is mainly due to the expropriation of YPF in April 2012 and whose emissions are not included in their 2013 disclosure. If emissions declared by Repsol in 2012 did not include those of YPF, the company's reported emissions in 2013 would have increased by around 12% over the previous year. As for Arcelor Mittal, they explain their emissions reductions as a result of reduced economic activity, although the intensity of emissions per revenue has increased 11% in the last year.

In addition, the total reported Scope 2 emissions grew by 11%[6] in the same period (see KS6). This increase of 1.59 $MtCO_2e$ in Scope 2 emissions is primarily due to the emissions increase in two utilities: Iberdrola (+2 $MtCO_2e$) and Endesa (+0.97 $MtCO_2e$). Iberdrola's increase is explained primarily due to changes in the scope of their emissions inventory. Endesa's response, on the other hand, has not provided a clear explanation for their increase. Companies that have reduced their Scope 2 emissions include Repsol (0.75 $MtCO_2e$ reduction) and Arcelor Mittal (0.65 $MtCO_2e$ reduction). The reasons for this reduction are, again, divestment and the reduction in activity.

According to information provided by the respondents, the figures indicate that proactive action to reduce net emissions has lost weight compared to reductions in the level of company activity and other reasons such as changes in the inventory methodology. It is noteworthy that the most frequently cited cause is still the implementation of reduction activities. However, in 2013 this reason only accounts for 61% of total corporate reductions, down from 70% in 2012 (see Figure 3). Changes in the emission inventory methodology, accounting for 10% in 2013 (2% in 2012), and reduced business activity with 8% (2% in 2012) have gained prominence, however.

> *When evaluating new business opportunities, Abengoa vision acts as a filter, dismissing businesses not aligned with sustainability or in fight against climate change. But Abengoa also intends for its products and services not only to be conducive to sustainable development, but also to be realized in a sustainable way to reduce the impact in climate change.*
>
> **Abengoa**

Figure 3. Percentage of companies reporting reasons for a decrease in emissions (2012-2013)[7]

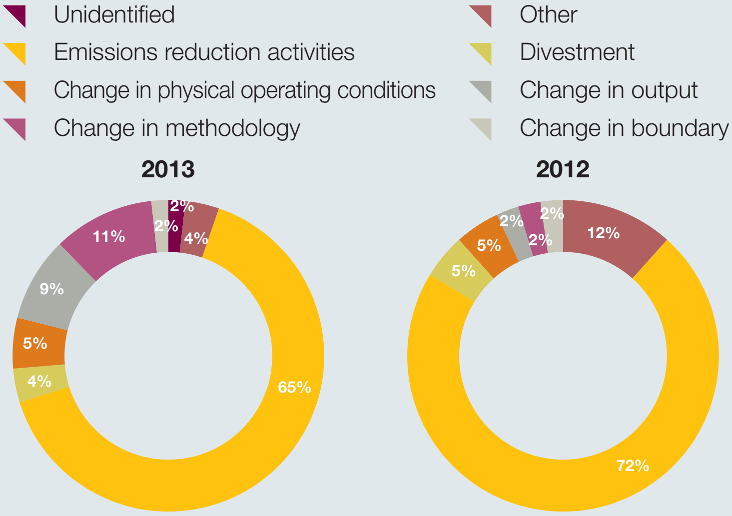
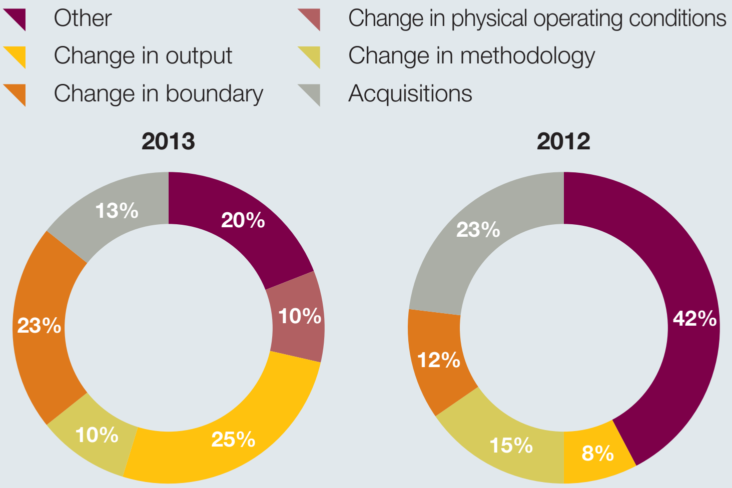


Figure 4. Reported reasons for an increase in emissions in percentage (2012-2013)



Therefore, although it is clear that the improvement in the management of climate change must have an impact on emissions performance in the medium and long term, the current GHG emissions' evolution is being modulated mostly according to circumstantial factors rather than to a proactive corporate management. Without a stronger commitment to increase efficiency and reduce GHG emissions, companies might face an abrupt increase in their emissions, in particular under a scenario of economic recovery, with serious

6 Please note that due to a change in CDP's approach to Scope 2 accounting, Scope 2 emissions figures reported in 2013 are not comparable with Scope 2 figures published in previous years. Companies calculating Scope 2 emissions are now able to incorporate the specific emissions factors associated with renewable energy purchases where supported by an appropriate tracking instrument.

7 Please note that each company can explain its behavior from the combination of more than one of the cases here presented, and whose net sum explains the evolution of the company's emissions. Therefore, the grand total of reasons in the graph does not match the number of responding companies.

Executive summary: 2013 highlights continued

Figure 5. Direction of change of combined scope 1 and 2 emissions by sector in percentage (2013)[9]

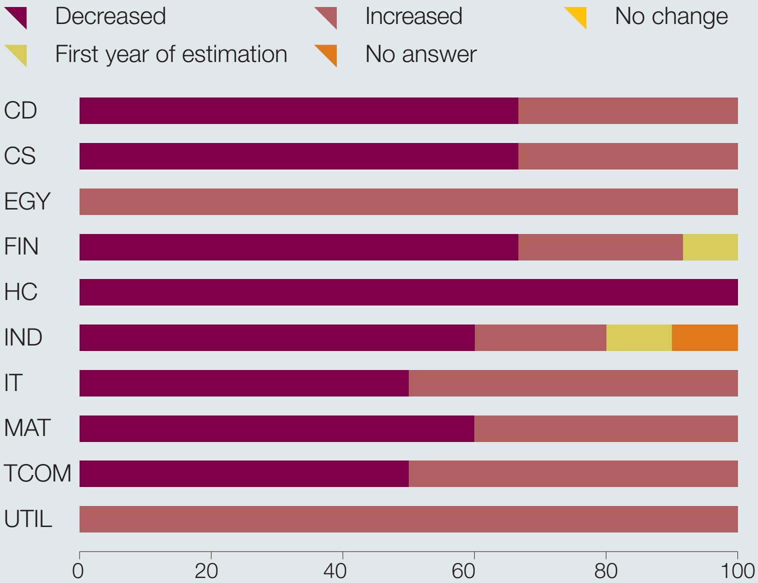


Figure 6. Reported GHG emission reduction targets by type of target (2011-2013)

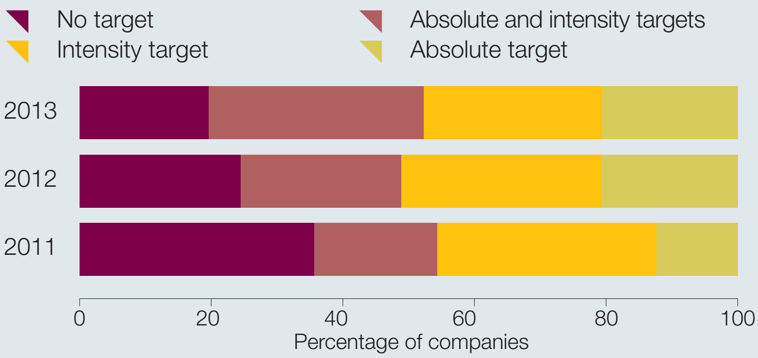


Figure 7. Reported absolute GHG emission reduction targets time frame (2012-2013)

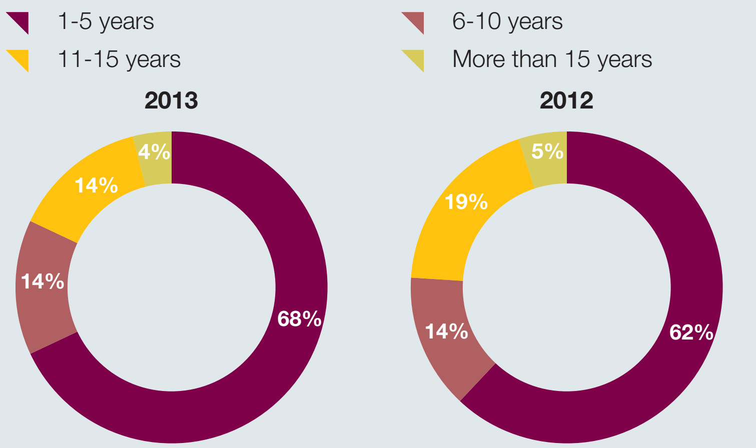
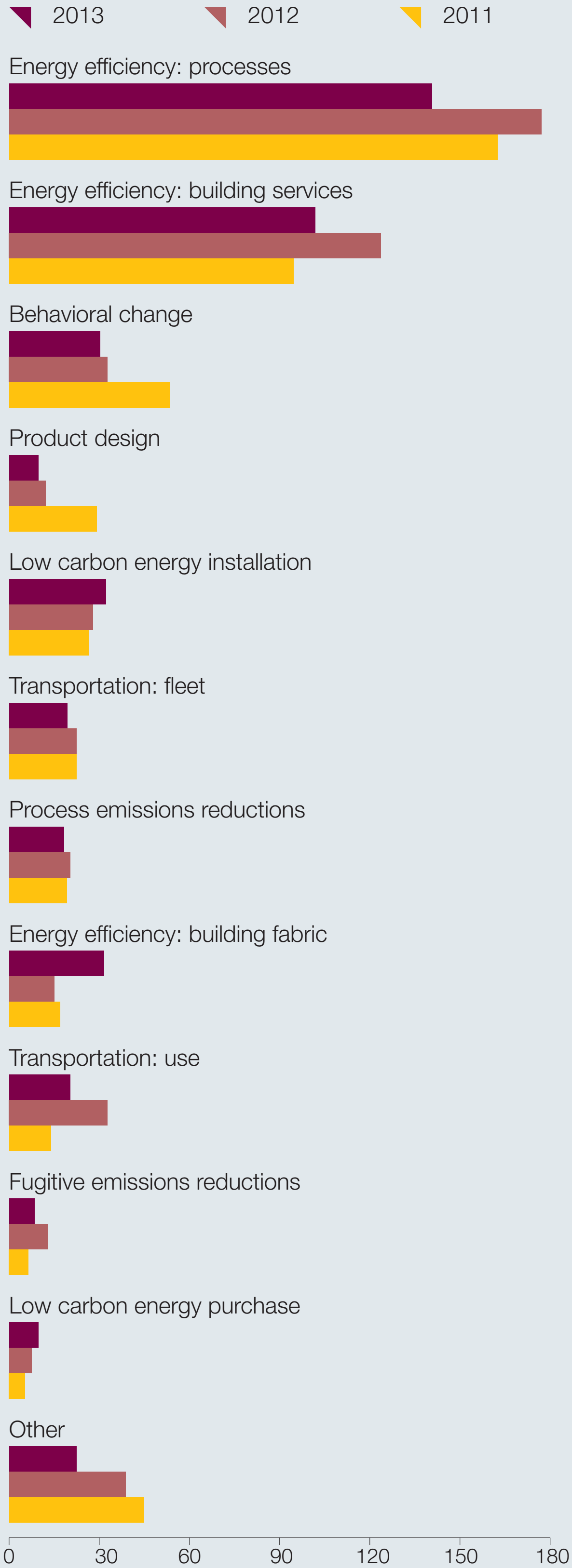


Figure 8. Number of emission reduction initiatives by activity (2011-2013)



accompanying financial impacts because of regulatory, physical and reputational risks.

As for the individual company performance in emissions, 42% of the responding companies (22) state that in 2013 the amount of combined Scope 1 and 2 emissions has increased from the previous year (compared to 17 companies in 2012), while the percentage of companies that has reduced their combined emissions remains at 52% (27).

If we look at emissions by sector (Scope 1 and 2 combined), figure 5 reflects how most companies in the less energy intensive industries, have reduced their GHG emissions (at least 60% of the companies in Consumer Discretionary, Consumer Staples, Financials and Health Care sectors). Opposite to this behaviour we can find Energy & Oil companies and Utilities, all of which have increased their GHG emissions in the same period.

While these companies report several reasons for their increased emissions, all electricity producers point to the legal requirements in Spain[8] that have led to increased consumption of coal compared to other primary energy sources with lower carbon emissions. Gas Natural Fenosa quantified a 69% increase in coal consumption over the previous year, while Endesa and EDP also claim to have increased their consumption without however quantifying it.

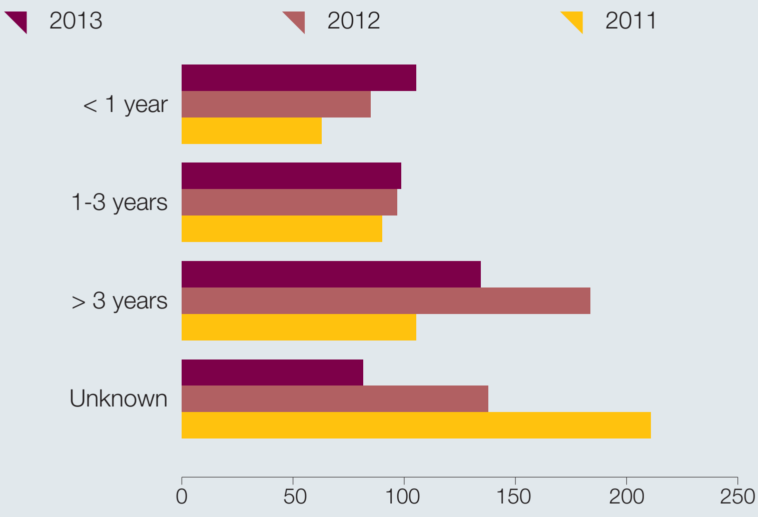
The companies' behaviour in all the other sectors is consistent with this shift to a more carbon-intensive energy mix in Spain and Portugal which results, in addition to the growth of Scope 1 emissions of Utilities, in increasing Scope 2 emissions from all other companies.

2. Initiatives and investments to reduce emissions are increasingly short-term

After analysing the current level of corporate GHG emissions, we turn now to an examination of possible future trends in emissions based on an analysis of the companies' reported emissions reduction targets, the actions that companies are implementing to achieve reductions, and the levels of progress towards achieving these targets.

Figure 6 shows how the rate of companies that reported emission reduction targets increases in 2013, whether we speak of absolute targets (up from 45% to 54%) and relative targets (up from 55% to 60%). 81% of companies responding to the questionnaire reported at least one GHG emission reduction target (absolute or relative), a rate similar to that of the 500 largest companies (83%) and well above the global average of companies responding to CDP (68%). Since 2011 the rate of responding companies that do not publish

Figure 9. Number of emission reduction initiatives by payback period (2011-2013)



targets has declined from 35% to 19%, showing a great progression in what used to be a weakness of responding companies in previous years.

However, the time frame of these objectives might be directing action by companies towards the short term. Figure 7 shows in fact how the vast majority of reported absolute targets (68%) have a maximum time frame of five years, a window too narrow to support corporate climate change strategies. In addition, the reduction in the relative number of long-term goals is confirmed again this year, suggesting that most of the new targets reported by companies are inherently short term. Therefore, although most of the responding companies state they have achieved their goals or are on the way to achieve them (71%), short-term approaches seem to influence the emission reduction activities undertaken by companies.

Indeed, another element that is worth noticing in this context is the evolution of the Iberia 125 responding companies' approach to the implementation of emissions reduction activities. In 2013, the formerly favourable trend has reversed and this year, although the number of emission reduction initiatives with economic returns in the short and medium term (less than three years) has increased by 24 %, this increase does not offset the 27 % reduction in the number of activities whose financial return is longer term (see Figure 8 and 9). This reduction of almost a third in the number of long-term initiatives clearly overshadows the previous upward trend.

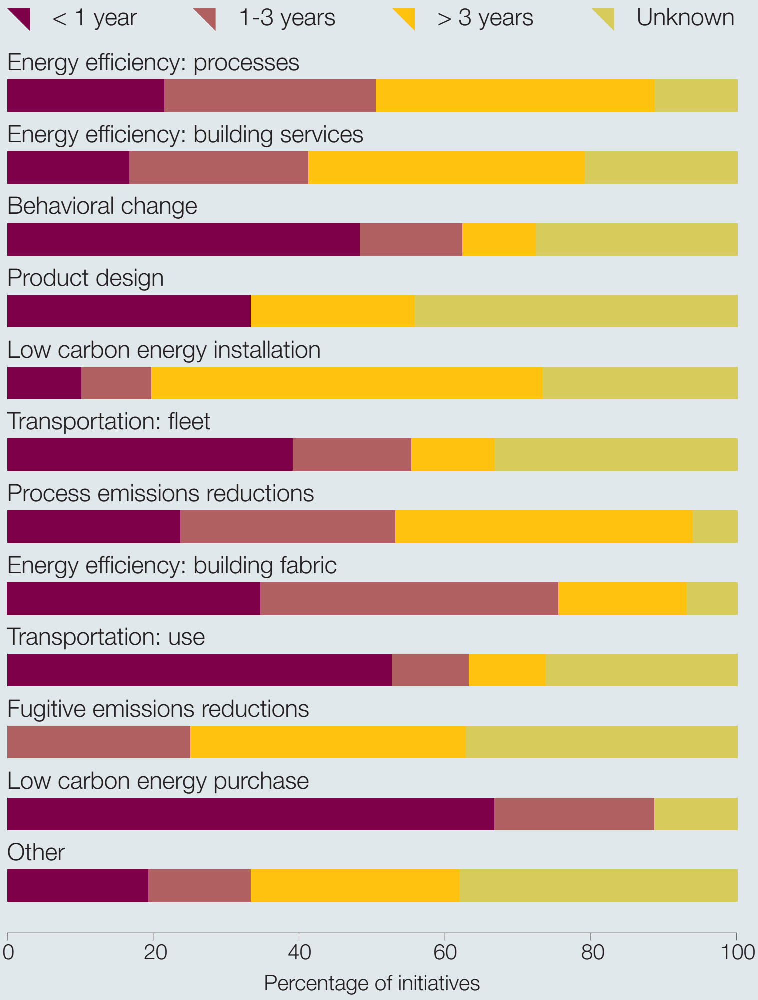
Only three types of activities out of the eleven analyzed categories have increased their number: low-carbon

8 The Real Decreto 134/2010 establishes a quota of national coal consumption of 15% of total primary energy consumption for electricity production in the Spanish market.

9 The abbreviations used for GISC sector names are as follows: Consumer Discretionary (CD), Consumer Staples (CS), Energy (EGY), Financials (FIN), Healthcare (HC), Industrials (IND), Materials (MAT), Telecommunication Services (TCOM), Utilities (UTIL).

Executive summary: 2013 highlights continued

Figure 10. Reported emission reduction initiatives summary (2013)



energy installation, energy efficiency improvements in building fabric and low carbon energy purchase (see Figure 10). Indeed, these activities usually have a short or medium term payback period, except for the low carbon energy installation (whose financial return is longer than three years in more than 50% of the initiatives reported to CDP).

The downtrend is especially remarkable in two of the most important emissions reduction activities: improving energy efficiency in industrial processes (20.5% total reduction in 2013 in the number of initiatives over the previous year), and energy efficiency in building services (23.4% reduction).

A plausible explanation for the decrease in the number of transport reduction initiatives is that at the beginning of the economic crisis, companies quickly implemented these initiatives (the low hanging fruit) and today have fewer possibilities. On the other hand, the decrease in the number of behaviour change related measures might have to do with the reduction of the budget that companies devote to managing emissions domestically. As a matter of fact, from the reasons that companies report for investing in emissions reductions, only compliance with regulations and standards have increased compared to the previous year (from 17% in 2012 to 19% in 2013). On the contrary, the relative weight of reasons such as the existence of a budget for energy efficiency or a budget for product development and low-carbon services has fallen (see Figure 11).

As a conclusion, we can see a change of focus for companies regarding the destination of their emission reduction investments, which are currently moving towards activities that generate an immediate return on investment. It follows that the main criterion for emission reduction investments is to obtain quick returns, which, while strengthening the business case for emission reductions, may jeopardise the opportunity to reduce GHG emissions and achieve higher cost savings. In short, companies are delaying investments and reforms necessary to adapt to or anticipate legislative changes and demands from their stakeholders, risking to lose competitiveness against their sector peers in other markets.

3. Decline in external verification of GHG emissions

As already noted, most of the climate change key performance indicators of the Iberia 125 companies have improved in the last year. However, we have noticed a decline in the number of companies that perform a valid external verification of emissions[10]. The percentage of companies that have reported an external verification of its emissions has fallen in 2013 to 58% (30 companies), down from 63% in 2012 (31 companies) (see Figure KS12), meaning that the number of companies with valid emissions verification has not increased, even though six additional companies have responded to the CDP questionnaire. This is in contrast to most regional samples of CDP and the world's largest companies, which are increasing the quality of the data by independent external verification of emission inventories, confirming the fact that emissions' verification is already a good practice standard in measuring the impact of companies and a factor of transparency and credibility of the provided information.

The reasons for the drop in verification of emissions in Iberia 125 are not clearly stated in the companies' responses to CDP. However, this reduction is a matter of concern since external GHG emissions verification is a priority for the process of disclosure as it contributes to an improvement in the quality of corporate management information on carbon emissions. The growing demand from investors, customers, regulators,

10 CDP considers as valid an external emissions verification only after analysing some requirements for the verification reports that companies attach to their responses to the CDP questionnaire. The verification report should clearly address GHG emissions Scopes 1 or 2 and must be performed according to a standard accepted by CDP. For more information see https://www.cdproject.net/en-US/Respond/Pages/verification.aspx

11 More information on the companies with valid external verification statements is included in Appendix II.

> *Sonae Sierra leads the way regarding voluntary carbon management in Portugal and this is an advantage if it becomes compulsory. As first movers in its sector, the leadership and pro active and demanding approach to Climate Change creates a challenge concerning the effort of compliance of future regulations which can be multiplied and replicated along the value chain.*
>
> **Sonae**

NGOs and other stakeholders is increasing the need for testable data to ensure transparency and quality of climate change related information. CDP's scorings and reports alike increasingly recognise the importance of this aspect.[11]

4. Challenges for Iberian corporate climate change strategies

The outcomes of CDP Climate Change Program since its introduction in Spain and Portugal show progress in climate change management of Iberia 125 companies, particularly since the responses are evaluated in terms of transparency (disclosure score) and performance (performance band). To illustrate this fact we have classified the companies that responded to the questionnaire in the last three years in four groups according to their performance scores. We have used the four development states defined and used by CDP in its guidance document "CDP Reporting Roadmap 2013: Climate Change"[12], and we have counted the number of companies in each of these states: 1) basic response; 2) developing capacity, 3) complete response and 4) best practices. Figure 12 shows the percentage of responding companies in each of the states for the period 2011-2013.

The most remarkable fact is the jump of companies that are currently considered best practices: from 2% in 2011 (one single company) up to 13% in 2013 (seven companies). This advance is confirmed by the decrease in the number of companies whose response is considered basic from 15% in 2011 (seven companies) to 8% in 2013 (four companies). In addition there was also a clear transition from a set of companies with "developing capacity" to a higher state.

Figure 11. Methods to drive investment in emissions reduction activities (2012-2013)

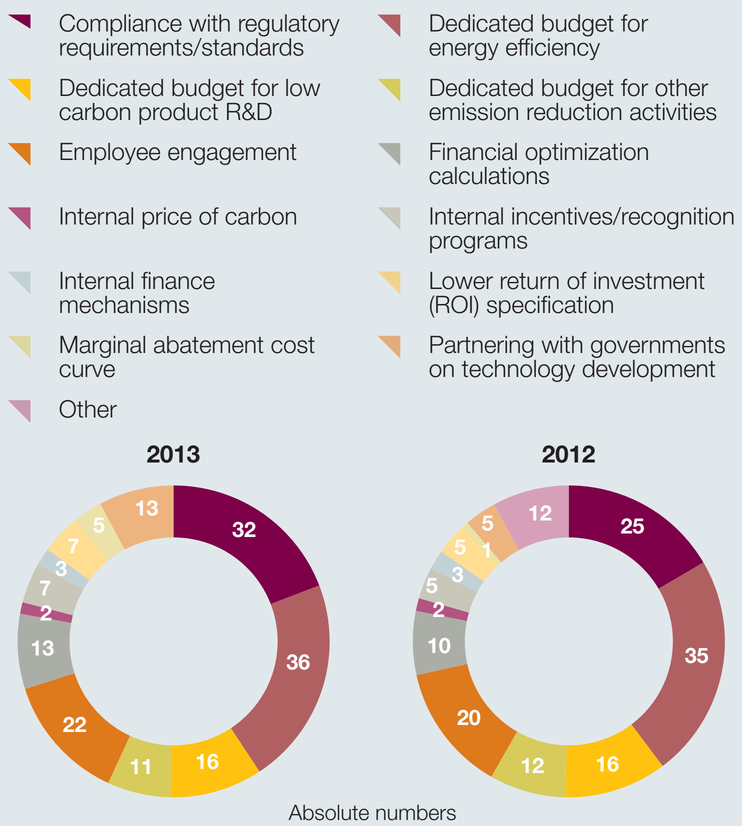
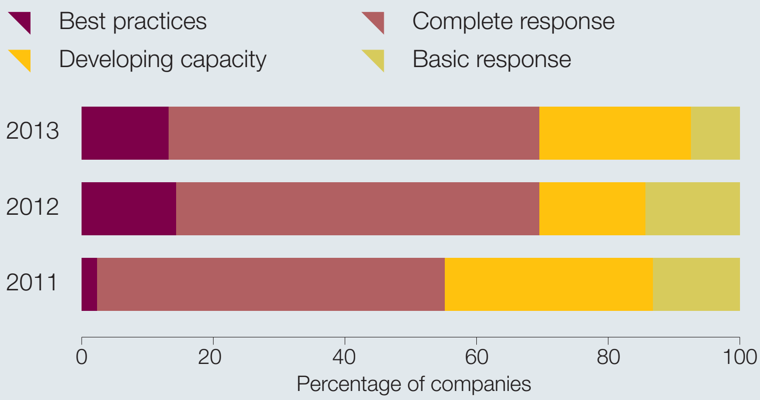


Figure 12. Iberia 125 companies by their response development degree (2013)



Since the second and third states account together for 79% of responding companies, we will illustrate here some next key steps for these companies.

Companies developing capacity[13]

This group of companies includes those that, from the experience of using the CDP

12 See "CDP Reporting Roadmap 2013: Climate Change" at https://www.cdproject.net/Documents/Guidance/Roadmap-Climate-Change-2013.pdf

13 In 2013, companies included in this definition are: Acerinox, Atresmedia, Banco Popular Español, Banco Sabadell, Banif, Bankia, BBVA, Ercros, Gamesa, Indra, Mediaset España and Zon Multimedia.

Executive summary: 2013 highlights continued

questionnaire to answer investors request, have already identified the main necessary internal actions to manage climate change and are developing and implementing them. This allows companies to increasingly provide a more complete response to the questionnaire and to demonstrate its improved performance through the management of climate change related risks and opportunities and their gradual integration into the company's strategy. The main benefit these companies get from responding to the CDP questionnaire is the creation of awareness within the company regarding the need to manage climate change. Moreover, it facilitates the development of a long term plan for this management.

The main recommendations for further progress in Iberia 125 companies in this group are:

A. **To set explicit and clear GHG emission reduction targets**. A quality emission reduction target should explain the base year to which it relates and the emissions in the base year, the year to achieve the target, the scope to which it applies and the percentage of emissions covered. Besides, the objective should express the magnitude of reductions aimed at either in absolute terms or relative (referring to another variable such as turnover, the number of employees or other), in which case it is advisable to estimate the equivalent absolute reductions.

B. **To report the mechanisms the company uses to invest in emission reduction initiatives**. This mechanism of transparency is an important step to structure the emission reduction investment around strategies that go beyond mere compliance and achieving quick savings.

C. **To publicly report on the company emissions reduction initiatives** and its products or services that help reduce emissions, if any. A good practice would include estimating the net annual emission reductions of each activity, resulting economic savings, investments and estimated return period. Consider only relevant initiatives that generate significant emissions reductions to achieve reduction targets.

D. **To choose an external verification standard for emissions inventory** and to prepare for compliance. The verification aims to ensure the quality of information provided in the questionnaire, for which the standard chosen must meet certain requirements concerning their relevance, competence, independence, terminology and accessibility. To view the standards that meet these criteria according to CDP see "CDP's approach to verification" in https://www.cdproject.net/en-us/respond/pages/verification.aspx

Companies with a complete response[14]
Companies within this group have several years experience in responding to CDP Climate Change questionnaire. They have developed policies and systems and have already managed to respond to the full questionnaire, providing detailed and quantified information, particularized for the company in question. Their challenge is not only to improve the response to the questionnaire but to go forward in reducing emissions and minimising the impact of the activities on climate. They should provide very detailed reporting to stakeholders. These companies often claim to have developed new business lines from previously identified opportunities associated with climate change and have reduced costs through measures to improve efficiency.

As noted, the challenge for these companies is to become performance leaders in GHG emissions management, and to achieve a real integration of climate change into their business strategy for the long term. The main recommendations to achieve this are:

A. Companies that want to be leaders in their climate change action should **set absolute GHG emission reduction targets for the long-term**. We recommend a time frame of more than ten years, but at least it should be more than five years. Besides, the goals must be meaningful, by which we mean that they should cover a good portion of their Scope 1 and 2 emissions, and that the magnitude of the reduction should be really a challenge for the company, going beyond business as usual.

B. **To link the budget for emission reduction with the risks and opportunities identified and the climate change strategy of the company**. Companies must invest in emission reduction actions having long payback periods. Having a budget line dedicated to emission reduction actions, energy efficiency and development of new low-carbon products can help. Other advanced mechanisms may be setting a domestic price on carbon and establishing long-term partnerships in technology development programs.

> *MAPFRE recognized Climate Change as an issue of long term strategic importance for the company. Such is proven by the launch of multiple climate change related insurance products, in key fields such as renewable energy, energy efficiency, forestation and many others.*
>
> **MAPFRE**

14 In 2013 companies that were included in this definition are: Abertis, Amadeus, Arcelor Mittal, Banco Comercial Portugués, Banco Santander, Bankinter, CaixaBank, CIE Automotive, EDP, Enagás, Endesa, FCC, Galp, Grifols, Iberdrola, Inditex, International Consolidated Airlines, Jerónimo Martins, Mapfre, Melia Hotels International, Miquel y Costas, NH Hoteles, OHL, REE, REN, Repsol, Sonaecom, Técnicas Reunidas and Telefónica.

C. These companies should pay special attention to **implement emissions reduction initiatives with long payback periods** (over 3 years). The initiatives may extend efforts to reduce emissions of range 3, plus the Scope 1 and 2. They must clearly contribute to a long-term low carbon strategy and go beyond legal requirements compliance.

D. **To annually conduct an emission inventories external verification**, which at least covers Scope 1 and 2 (Scope 3 also desirable) and according to standards that meet the quality criteria of CDP (see CDP's approach to verification https://www.cdproject.net/en-us/respond/pages/verification.aspx)

Respondent company interview: Obrascon Huarte Lain, S.A.

1. Are you integrating climate change considerations in your products and services? How?

"Climate change is presented as one of our main concerns. In this regard, the climate change considerations are reflected into the Group commitments, such as the "Commitment to Fight against Climate Change" adopted in 2011, which serves as a guideline for the OHL's activities.

Some initiatives, among others, that have been carried out in order to integrate climate change considerations are the following:

- to include an Environmental Management Plan for emissions and energy in all tenders and contracts;
- to develop a Sustainable Mobility Plan, and
- to start with the calculation of suppliers' emissions.

OHL considers the CDP as an allied partner to progress towards a low-carbon economy. As a direct consequence of the explained before, is that OHL's performance in Carbon Footprint has improved, and this has been recognised by the CDP scoring of 94B in 2012 and including OHL among a select group in the Carbon Disclosure Leadership Index."

2. What motivates you to incorporate environmental externalities into your decision-making and products? Are you experiencing any benefits or competitive advantage as a result?

"OHL is motivated to incorporate environmental externalities by the requirements of their customers, according with the Group commitment to provide them the maximum satisfaction. Also, the regulations and standards, the economic factors and the benefits for the surrounding environment are included among the main reasons.

The benefits obtained are basically:

- wider access to procurement processes for the development of new projects or services;
- improvement of the public image and
- some cost savings that result, for example:

– from a reduction in energy consumption,

– from a sustainable use of other resources, and

– from a greater regulatory control."

3. According to report findings, companies are increasingly switching to a short-term approach to climate change. Given that the Iberian economy is projected to recover, how can you determine if the company has a long-term viable strategy to manage climate change?

"OHL is ever more an international Group, with operations across the five continents and with a 67% of international sales at the end of 2012. In relation to the climate change strategy, the OHL Group needs to be focused with a worldwide scope. In this way, the Group pretends to stay ahead and to undertake the last initiatives proposed all around the world.

At national level, the Spanish Government and the Spanish Office for Climate Change (OECC) are working on a strategy, increasing guidelines and proposals, including, for example, the development of new regulations related with the calculation of the carbon footprint and its reduction, based on the European Decision No 406/2009/EC on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's reduction commitments up to 2020. OHL is following these efforts involved into the major working groups in the sector."

Mr. Manuel Villén Naranjo
Chief Innovation and Sustainability Officer
Obrascon Huarte Lain, SA

Iberia 125 2013 leaders

Criteria for 2013 leaders

Each year, company responses are analysed and scored against two parallel scoring schemes: disclosure and performance.

The disclosure score assesses the completeness and quality of a company's response. Its purpose is to provide a summary of the extent to which companies have answered CDP's questions in a structured format. A high disclosure score signals that a company provided comprehensive information about the measurement and management of its carbon footprint, its climate change strategy and risk management processes and outcomes.

The performance score assesses the level of action, as reported by the company, on climate change mitigation, adaptation and transparency. Its intent is to highlight positive climate action as demonstrated by a company's CDP response. A high performance score signals that a company is measuring, verifying and managing its carbon footprint, for example by setting and meeting carbon reduction targets and implementing programs to reduce emissions in both its direct operations and supply chain.

15 For further information on the CDLI and the CPLI and how scores are determined, please visit www.cdproject.net/guidance

The highest scoring companies for disclosure and/or performance enter the Climate Disclosure Leadership Index (CDLI) and/or the Climate Performance Leadership Index (CPLI). Public scores are available in CDP reports, through Bloomberg Terminals, Google Finance and Deutsche Boerse's website.

What are the CDLI and CPLI criteria?

To enter the Iberia 125 CDLI, a company must:

- Make its response public and submit via CDP's Online Response System
- Achieve a score within the top 10% of the Iberia 125 population (14 companies in 2013)

To enter the CPLI (Performance Band A), a company must:

- Make its response public and submit via CDP's Online Response System
- Attain a performance score greater than 85
- Score maximum performance points on question 12.1a (absolute emissions performance) for GHG

CDP questionnaire goes beyond: companies responding on their own initiative

What about non-listed companies in CDP?
Traditionally, only stock market listed companies are requested to respond to CDP. But what about non-listed companies and family owned businesses that want to measure, manage and disclose their climate change data and compare themselves to their peers or customers?

For these companies - which anticipate opportunities from responding to CDP - we created the CDP non-listed initiative: This initiative allows non-listed companies of all sizes to evaluate their emissions management and their understanding of potential climate change impacts by using the leading international CDP reporting standard. Members receive support from CDP in-house experts as well as coaching from our consultancy partners. In a second step, the companies' results will be subject to a detailed evaluation, highlighting areas of potential improvement and comparative analyses with relevant competitors and/or customers. The focus of the initiative is "support our members".

Launched in Germany in 2011, CDP decided to expand the initiative to the whole of Europe this year. We currently have two Southern European companies participating: CTT – Correios de Portugal who started off with a first-time score of 86 B and the Sofidel Group, an Italian paper manufacturer, who achieved a score of 73 C.

Current members of the CDP non-listed initiative

CTT – Portuguese Post	Infraserv
Delipaper	Jean Müller
Evonik	Robert Bosch
Flughafen München	Sofidel Group
Gesobau	Tetra Pak
Hermes	Werra Papier
HSE	Wiedemann Wachswaren

5 good reasons to report voluntarily:

- Compare yourself with over 5,000 companies worldwide by using the established CDP reporting standard
- Evaluate your emissions management and discover new opportunities in your internal reporting infrastructure
- Anticipate climate change related risks (e.g. mandatory GHG-reporting in your country)
- Be named in the prestigious local annual report (CDP Iberia Report/CDP Italy Report)
- Become an active member of the CDP network and participate in the local launch events and spring workshops

For further information, please contact the CDP Southern Europe Team | cdpiberia@cdp.net or +39 02 3051 6041 reductions due to emission reduction actions over the past year (4% or above in 2013)

- Disclose gross global Scope 1 and Scope 2 figures

- Score maximum performance points for verification of Scope 1 and Scope 2 emissions

Furthermore, CDP reserves the right to exclude any company from the CPLI if there is anything in its response or other publicly available information that calls into question its suitability for inclusion.

Note: Companies that achieve a performance score high enough to warrant inclusion in the CPLI, but do not meet all of the other CPLI requirements are classed as Performance Band A- but are not included in the CPLI.

How are the CDLI and CPLI used by investors?

Good disclosure and performance scores are used by investors as a proxy of good climate change management or climate change performance of companies.

Investors identify and then engage with companies to encourage them to improve their score. The 'Aiming for A' initiative which was initiated by CCLA Investment Management is driven by a coalition of UK asset owners and mutual fund managers. They are asking ten major UK-listed utilities and extractives companies to aim for inclusion in the CPLI. This may involve filing supportive shareholder resolutions for Annual General Meetings occurring after September 2013.

Investors are also using CDP scores for creation of financial products. For example, Nedbank in South Africa developed the Nedbank Green Index. Disclosure scores are used for selecting stocks and performance scores for assigning weight.[15]

Climate Disclosure Leadership Index

Disclosure scores of Iberia 125 responding companies in 2013 have improved significantly from 2012, following the trend of previous years and proving that reporting on climate change is a learning and improvement process for businesses. While the increase in the average score does not seem relevant (78 in 2013 up from 76 in 2012), the number of companies that have obtained a score of 95 or more has increased from 6 to 14 in the same period. The so-called "high scores", companies with a score higher than 70 points have increased from 52% (25) in 2011 to 73% (38) in 2013.

Table 2 shows the companies included in the Iberia 125 CDLI. This year the minimum score in the CDLI is 95.

For the first time a company, Gas Natural Fenosa has reached the maximum score of 100. Four more companies find themselves at just one point below (Banco Espírito Santo, Ferrovial, Galp Energia, Iberdrola), all of them improving their 2012 scores.

This year CDP wants to recognise as well those companies that respond to the CDP questionnaire on their own initiative, i.e., without having received the request from institutional investors CDP signatories, and that have obtained a score within the CDLI range that locates them in a leadership position. In table 3 we find Caixa Geral de Depósitios, a non-listed company that discloses through CDP on its own initiative and which managed to increase its discloser score by

Table 2: Iberia 125 Climate Disclosure Leadership Index

Company name	Country	Sector	Disclosure score
Gas Natural Fenosa	Spain	Utilities	100
Banco Espírito Santo	Portugal	Financials	99
Ferrovial	Spain	Industrials	99
Galp Energia	Portugal	Energy	99
Iberdrola	Spain	Utilities	99
Endesa	Spain	Utilities	98
Repsol	Spain	Energy	98
Sonae	Portugal	Consumer staples	98
Acciona	Spain	Industrials	97
CaixaBank	Spain	Financials	97
EDP – Energias de Portugal	Portugal	Utilities	97
Abengoa	Spain	Industrials	95
Sonaecom	Portugal	Telecommunication services	95
Telefónica	Spain	Telecommunication services	95

Table 3: Non-listed companies having reached a discloser score in the CDLI range

Company name	Country	Sector	Disclosure score
Caixa Geral de Depósitos	Portugal	Financials	99

Table 4: Iberia 125 Climate Performance Leadership Index

Company name	Country	Sector	Performance band
Ferrovial	Spain	Industrials	A
Sonae	Portugal	Consumer staples	A
Abengoa	Spain	Industrials	A
Gas Natural Fenosa	Spain	Utilities	A
Acciona	Spain	Industrials	A
Portugal Telecom	Portugal	Telecommunication services	A

Table 5: Non-listed companies having reached a performance score in the CPLI band

Company name	Country	Sector	Performance band
Caixa Geral de Depósitos	Portugal	Financials	

Iberia 125 2013 leaders continued

12 percentage points to 99 in 2013. These results demonstrate the high level of transparency of Iberian responding companies.

Climate Performance Leadership Index

Improved disclosure has been accompanied, unsurprisingly, by improved levels of performance in climate change management in Iberia 125 companies. While the number of companies that have achieved the highest score band A remains at six, akin to last year, a review of the performance levels immediately below shows a clear improvement. In fact, the number of companies in the A- and B bands has grown from 15 in 2012 to 20 in 2013.

Table 4 shows the companies included in the CPLI. Ferrovial, Abengoa, Gas Natural Fenosa and Acciona have reconfirmed their climate performance leadership position. This year two Portuguese companies, Portugal Telecom and Sonae have entered the CPLI for the first time. As a non-listed voluntary respondent, Caixa Geral de Depósitos has reached once again a CPLI level score.

Interview with a company responding CDP on its own initiative: Caixa Geral de Depósitos

1. Caixa Geral de Depósitos, who has repeatedly been reporting to CDP on a voluntary basis, is one of the financial groups with the highest CDP climate performance score in Iberia. What motivates you to report to CDP and excel in climate mitigation and adaptation? Which benefits have you found in reporting (voluntarily) to CDP?

CGD established in 2007 its Programa Caixa Carbono Zero - Low Carbon Programme (LCP), an unique initiative in the Portuguese financial sector, which aligned CGD with international best practices for facing climate change as a priority issue.

The LCP is the result of strategic reflection on the risks and opportunities that the issue poses to CGD's activities and is based on five lines of action: 1) CGD informs about its carbon emissions; 2) CGD reduces energy spending and carbon emissions; 3) CGD compensates inevitable carbon emissions; 4) CGD develops low carbon business and 5) CGD communicates on carbon literacy. These lines place CGD in a leading position in responding to the new demands of an economy where restrictions on carbon emissions are already a reality.

Voluntary reporting is a mean to communicate CGD's Low Carbon Program and its results and reinforces the engagement of CGD with its stakeholders regarding climate change. Also, it should be noted that the energy efficiency measures implemented by CGD have greatly contributed to the improvement of the environmental performance, meaning relevant reductions in operational costs.

2. What does your company do to increase people's competences and skills with regards to climate change management?

CGD considerers that information together with communication, are essential for the success of its LCP and for that has been working to build competencies and awareness regarding climate change management. CGD provides training in environmental and climate change matters. An e-learning has been developed to all employees with the aim to provide knowledge on the environmental policy and strategy of CGD, and also provide knowledge about how employees can contribute to achieve CGD's carbon related goals, and which behaviours may help to minimize the carbon footprint of CGD's activity.

The Bank also shares information on climate change issues, through its internal communication tools (CaixaNotícias' and 'NósCaixa'). As regards to external communication and awareness, CGD through its website disseminates information on climate change management, namely: The Carbon Calculator; Practical Low Carbon Guides and Day by Day Zero Carbon. Other initiatives which aim to increase people's awareness and knowledge are the New Generation of Polar Scientists Programme, Carbon Literacy Programme, Caixa Forest and the Design Competition for Furniture Made with Recycled Materials.

3. Analysis from the G500 companies shows that current reporting of indirect scope 3 emissions is still insufficient and does not reveal the full impact of companies' value chains. How do you identify which scope 3 emissions might be relevant, how do you measure them, and what, if anything, are you doing to address them?

CGD conducted an analysis of all the categories of Scope 3, according to the Guidelines 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard GHG Protocol' and tried to report as much as relevant and possible. To this end, CGD took into account several aspects, such as the internal and external information available, the business sector in which operates and the resources of the company available.

Based on the measurement of scope 3 emissions, CGD defined several measures which aim the reduction of the global footprint, such as: Mobility Plan, Renewable Energy Credit, CGD Zero Carbon Card and other environmental related products.

CGD intends to improve its materiality analysis, working hard with external stakeholders (e.g. suppliers and service providers), in order to assess the applicability of each category in a more accurate way, and to calculate more rigorously the GHG emissions associated with each category.

Key statistics

This chapter includes the key statistics to track the evolution of responses every year and between sectors[16].

Key disclosure statistics[17]

In 2013 six more companies have responded increasing the response rate to 44%. This is the largest increase since the sample Iberia 125 has been established, coinciding with a time when many companies affected by the crisis have been forced to reduce the resources devoted to reporting on non-financial issues in general and climate change in particular.

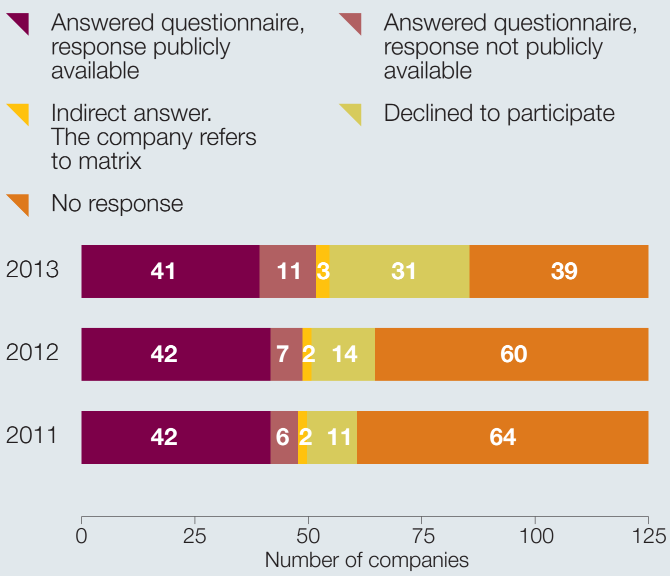
This figure is slightly marred by the fact that the number of Iberia 125 companies publicly responding has stagnated since 2011 while the number of non-public responses is growing (see Figure KS1). Climate change information transparency is not only an important principle for investors meaning the first step in ensuring the quality of information, but it is also a prerequisite for companies that intend to join CDLI and CPLI indexes.

This year the number of companies who explained its refusal to provide information on their emissions and climate change strategy has increased too. 24% of the companies that explained its refusal to answer the CDP questionnaire said they lacked the resources to do so, while 29% indicated that they are in the early phases of climate change monitoring. Moreover, 18% of the companies in the sample could not identify anyone responsible for reporting on climate change, which most likely also indicates that there are no dedicated resources to this task.

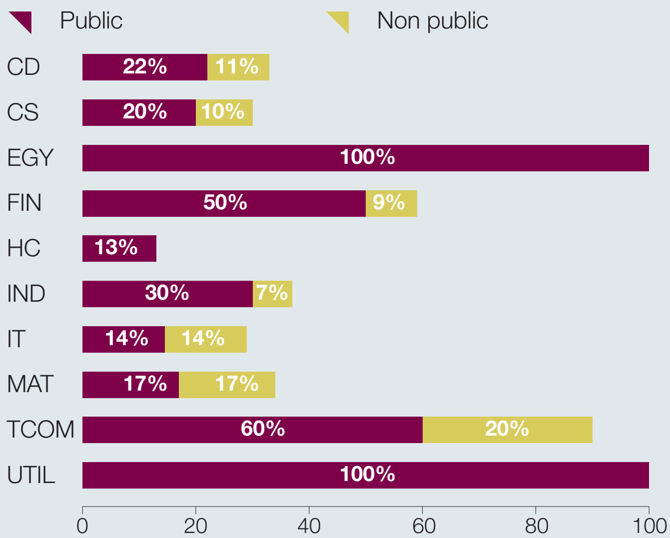
Key emissions statistics

Total Scope 1 and 2 emissions reported by companies[19] in 2013 add up to a total of 390 M tCO_2e, an amount slightly lower than in the previous year (the reduction is less than 1%). The Utilities and Materials sectors remain by far the biggest emitters for emissions of Scope 1 and 2, jointly standing for more than 83% of the total.

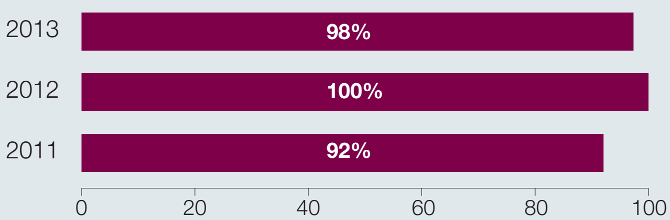
KS1 Responses summary (2011-2013)



KS2 Companies responding to CDP publicly and privately by sector in percentage (2013)



KS3 Year on year percentage of responding companies disclosing Scope 1 or Scope 2 GHG emissions (2011-2013)[18]



16 Here and in the sector analysis of this report we have used the GICS classification. The sectors and the abbreviations used are: consumer discretionary (CD), consumer staples (CS), energy (EGY), financials (FIN), healthcare (HC), industrials (IND), information technologies (IT), materials (MAT), telecommunications services, (TCOM) and utilities (UTIL).

17 The CDP questionnaire was answered by 55 companies, of which three were referred to the response of a parent company. The percentages indicated in the figures KS1, KS2 and KS3 include these responses to provide a complete picture of the response rate (with the final figure as of July 31, 2013), however the remaining analysis in this report is based on a total of 52 responses from companies, which excludes 3 indirect responses via parent company. The number of companies that report their emissions in Scope 1 or 2 includes those who have made "0" as the figure for their emissions.

18 The number of companies that report their emissions in Scope 1 or 2 includes those who have made "0" as the amount of emissions.

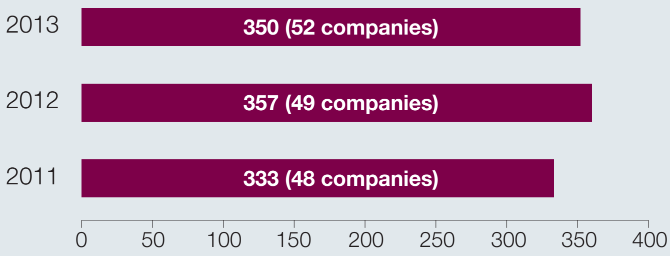
19 It should be noted that although we are dealing with Spanish and Portuguese companies, their emissions and reporting are not limited to these countries. Reported emissions are the companies' global emissions including those that occur anywhere in the world.

Key statistics continued

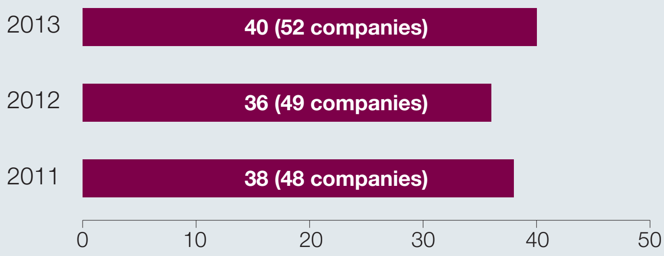
It should be noted that due to a change in CDP approach to Scope 2 emissions, emissions figures of this scope in 2013 are not comparable with the figures published in previous years. When calculating Scope 2 emissions, companies can now incorporate specific emission factors associated with energy supply from renewable sources, if there is an appropriate monitoring tool. This new approach can result in lower Scope 2 emission figures than the previous one.

Measuring Scope 3 emissions follows a very slow progression. 73% of companies that responded to the questionnaire have identified and measured a maximum of two Scope 3 emissions categories, with “business travels” being the most reported category. Only 13% of companies have measured more than four relevant sources of Scope 3 emissions, and only 10% have evaluated emissions from the use of its products. Therefore we can see that Scope 3 measurement is still not a consolidated practice in Iberia 125 sample and, with few exceptions, most companies do not identify, measure and report their main sources of Scope 3 emissions.

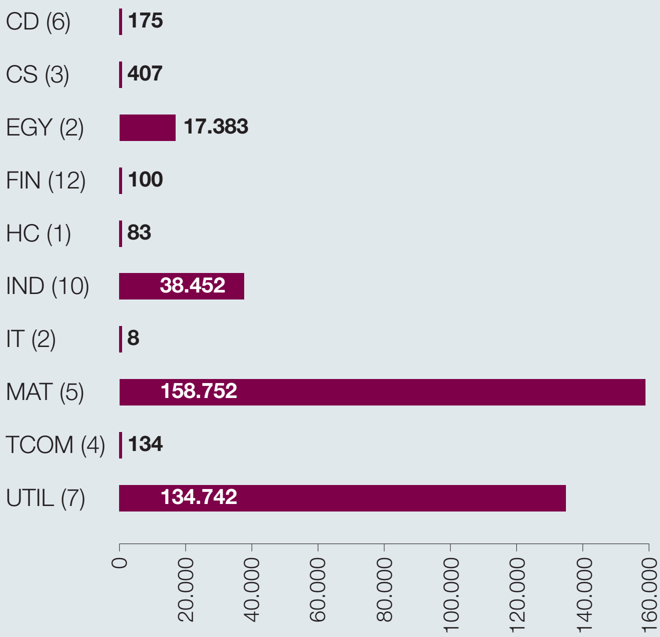
KS4 Total Scope 1 emissions reported by Iberia 125 responding companies (M tCO2e) (2011-2013)



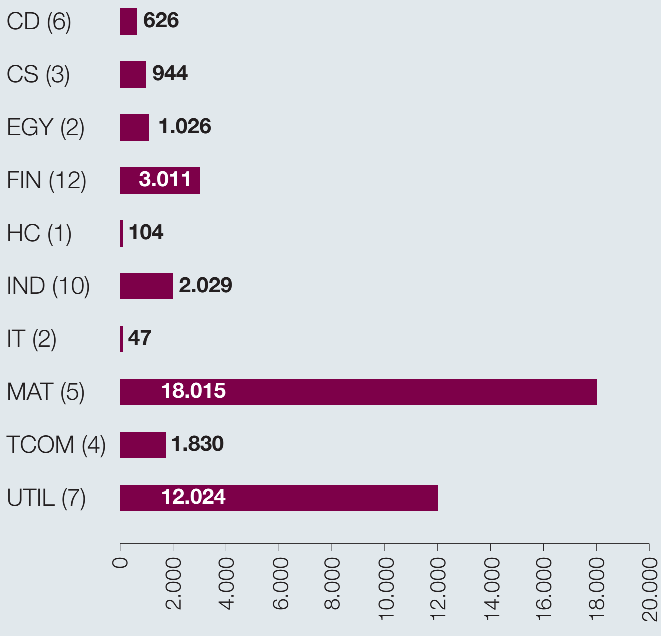
KS6 Total Scope 2 emissions reported by Iberia 125 responding companies (MtCO2e) (2011-2013)



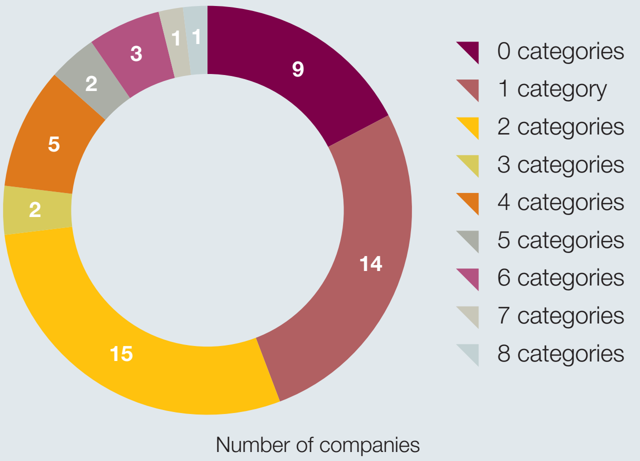
KS5 Total Scope 1 emissions reported by Iberia 125 responding companies by sector (KtCO2e) (2013)



KS7 Total Scope 2 emissions reported by Iberia 125 responding companies by sector (KtCO2e) (2013)

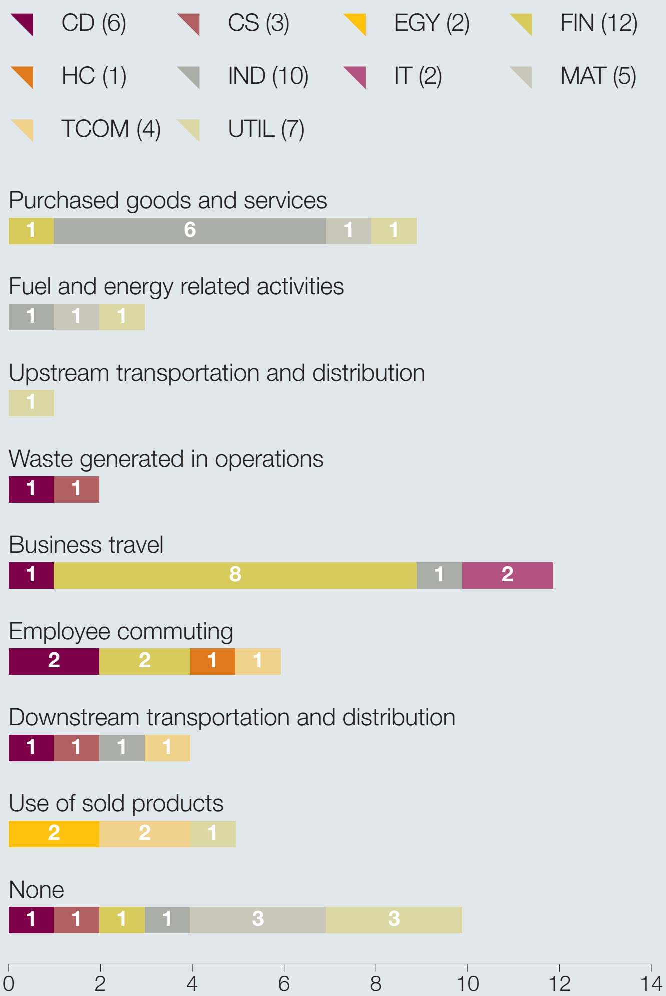


KS8 Number of Scope 3 categories identified by responding companies as relevant and reported with emissions data (2013)[20]



KS10 Third party verification/assurance of emissions reported and approved (complete or underway, any scope) (2011-2013)[21]

KS9 Number of companies reporting data for relevant Scope 3 categories, by category and sector (2013)



20 Only companies that published their Scope 3 emissions categories using the Greenhouse Gas Protocol Scope 3 Standard have been accounted. While in some cases the category "others" can be legitimate elections, in most cases, the data contained in these categories should be assigned to one of the above categories. Companies are encouraged to publish their Scope 3 emissions data using these specific categories when appropriate, since in case of failing to do so and using the categories "other", quality of the data and therefore the usefulness of the data for investors, are greatly affected. We have made no attempt to attribute categories subjectively when companies have selected "Other". Moreover, we have only included the categories for which emissions have provided figures that are greater than zero are identified as relevant in the questionnaire.

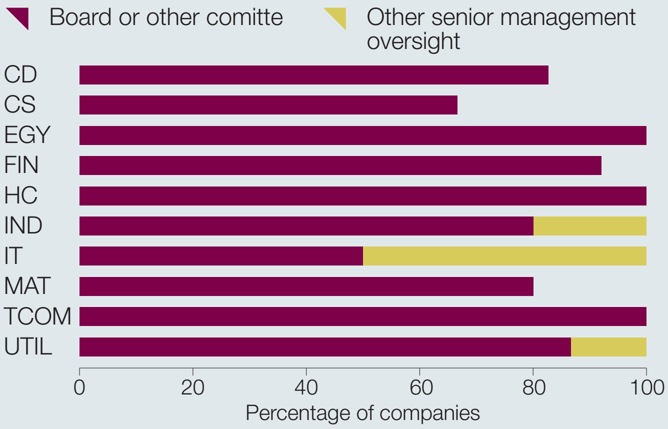
21 In Figure KS10, the term "communicated and approved" refers to the fact that the calculation of companies with verification is based on CDP evaluation and scoring of the verification reports attached to the questionnaire responses. Companies that report emissions verification in more than one scope, have been recorded only once in the figure.

Key statistics continued

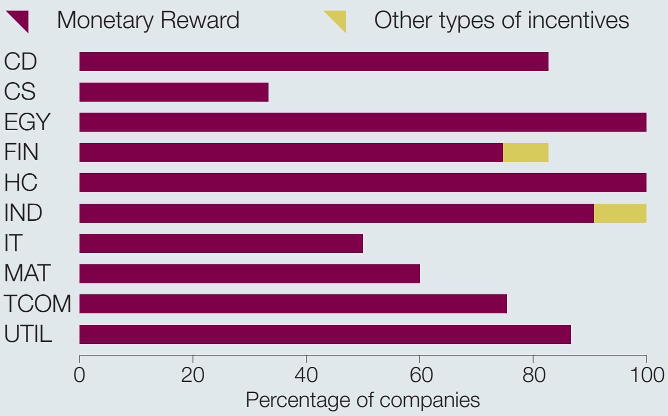
Key best practices statistics

As already noted, all indicators of best practices have improved in this edition with the exception of external verification of emissions.

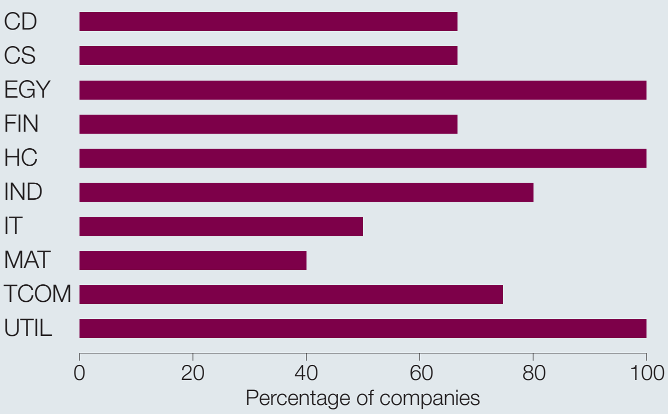
KS11 Board or other senior management oversight by sector (2013)



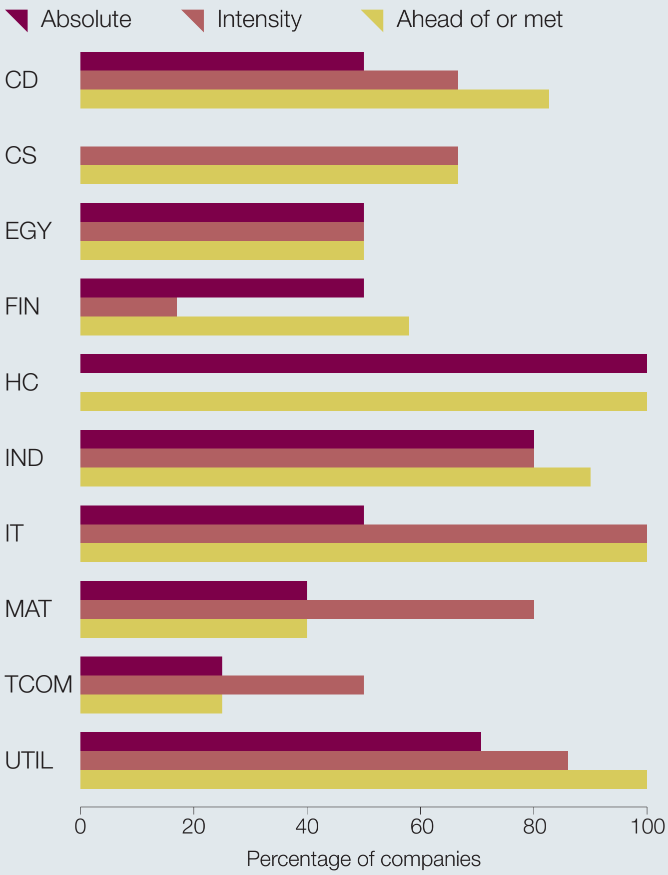
KS12 Rewarding climate change progress by sector (2013)



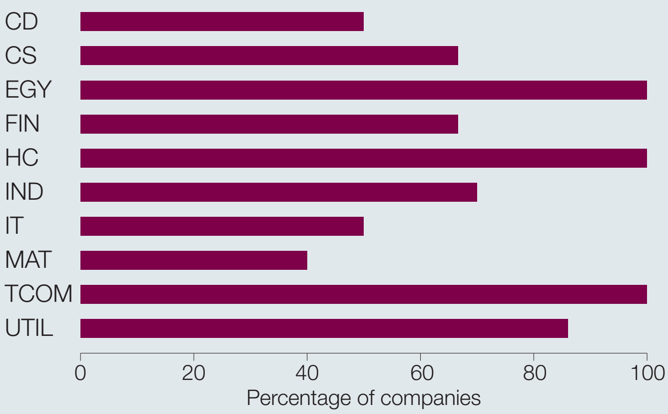
KS13 Demonstration of climate change being integrated into overall business strategy by sector (2013)



KS14 Disclose targets by sector (2013)



KI15 Emissions reduction due to implementation activities by sector (2013)[22]



Sector analysis

Introduction

Sector analysis of CDP questionnaire responses by sector allows identifying trends that only make sense when taking into account the business context of each sector.

Using CDP general criteria we have classified the sample companies according to the ten sectors defined by the Global Industry Classification Standard (GICS). However, of these ten sectors we have chosen only those which have more than five responding companies, as we consider below this amount results may be unrepresentative. Thus, the sectors of this analysis are Consumer Discretionary (six companies), Financials (13 companies), Industrials (ten companies), Materials (six companies) and Utilities (eight companies)[23].

As already noted, all key best practices statistics have improved in this edition with the exception of external verification of emissions. Industrials and Utilities are above the average in most indicators. Conversely, the Materials sector, the biggest emitter in the sample, has a lower performance in terms of best practices in all the sections. This shows the maturity of the Industrial and Utilities sector in climate change management and in the assumption of responsibility on the high impact generated.

Thus, from the response rate of 33% of the sectors of Discretionary Consumption and Materials, up to 100% of responses from Utilities, we observed response rates of 37% in the Industrials sector and 59% in the Financials sector. Moreover, the Industrials sector is the top performer with three companies with an A as performance band, while one company from the Utilities sector has the same band A, one company from the Financials sector has a band A- and none from Consumer Discretionary or Materials sectors reaches above the B performance band.

Abertis promotes different measures in order to provide incentives to customers to adopt practices that contribute to emissions reduction, like carpooling or the use of electronic payment toll road systems.

Abertis

22 Companies can communicate several emission reductions due to the implementation of the activities, targets or performance incentives. In all these cases, companies are counted only once in the statistics presented below, with the exception of the statistics of absolute targets and objectives relating to companies that have both types of target are counted once in each type

23 These figures include all the responses to CDP questionnaire including indirect answers from companies that have included information in the response of its parent company. The rest of the analysis in this section has been made only from direct answers. Companies that have responded indirectly are indicated in the list of companies that match the initials “(SA)”.

Consumer Discretionary

SECTOR RESPONSE RATE

33% (6 OUT OF 18)

Responding companies

- CIE Automotive
- Inditex
- Melia Hotels International
- NH Hoteles
- Atresmedia (NP)
- Mediaset Espana Comunicacion (NP)

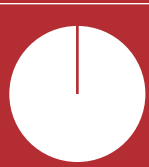
Non responding companies

- Azkoyen
- Codere
- Cofina
- Estoril Sol
- Fluidra
- Ibersol
- Impresa
- Media Capital
- Prisa
- SAG
- Toyota Caetano
- Vertice Trescientos Sesenta

175,144 tCO_2e
Scope 1 total reported emissions

625,758 tCO_2e
Scope 2 total reported emissions

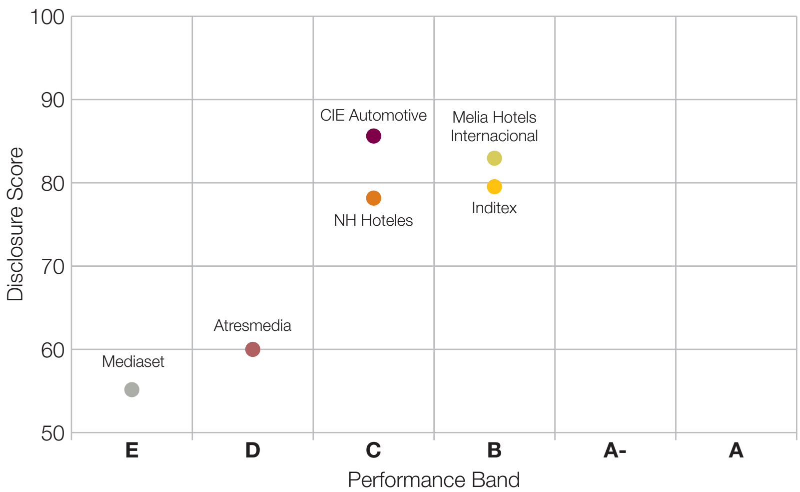
1.98
Scope 3 / Scope 1+2 ratio



0.21%
Scope 1+2 emission percentage from total Iberia 125 emissions

74 C **Sector average disclosure score and performance band**

Figure 1CD. Disclosure score vs. performance band for sector responding companies



Under the Scope 3 Standard, Inditex is working to gather accurate and comparable data from the supply chain. Also, Inditex is providing guidance and advice to suppliers on how carbon reporting can enable them to monitor emissions and obtain costs savings.

Inditex

The Consumer Discretionary sector includes 11% of the Iberia 125 responding companies in 2013, and is responsible for 0.21% of total Scope 1 and 2 combined emissions. It is a sector with low emissions in their production processes whose Scope 3 emissions are not very significant (slightly less than twice the emissions of Scope 1 and 2).

The heterogeneity of this sector does not allow generalisations in their emissions profile. The sample includes sub-industries as diverse as media, hotels, retail or automotive components. The Scope 3 emissions inventories of these companies is rather limited with most of the companies providing only the calculation for business travel or commuting. Highlighted in this section is the inventory of emissions generated by the transport of Inditex products or emissions due to wastes and waste treatment in the activity of NH Hoteles.

Over 80% of the Consumer Discretionary responding companies are ahead of their emission reduction targets. However, their levels of disclosure and performance are below the average with an average score of 74 C.

Public policies that most interest this sector are mandatory reporting concerning climate change management and adaptation to climate change, but only a third of companies conduct direct engagement in these areas.

According to the CDP Reporting Roadmap classification, 66% of the Consumer Discretionary responding companies are currently providing a complete response to the questionnaire that needs to incorporate best practices in order to approach the leaders. Some 33% of companies are still in the phase of developing capacities to offer a complete answer.

Scope 3 emissions categories most reported in the sector
Employee commuting (2)
Business travel (1)
Downstream transportation and distribution (1)
Waste generated in operations (1)

Figure 2CD. Percentage of companies with emission reduction targets and level of achievement in the sector

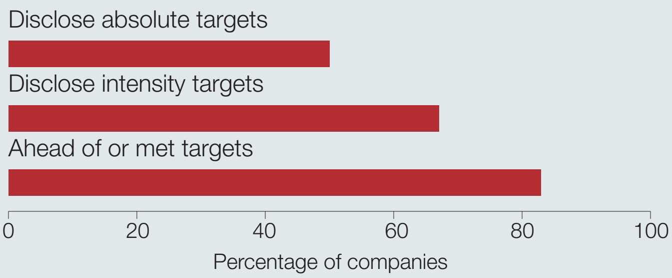


Figure 5CD. Most commonly reported risks

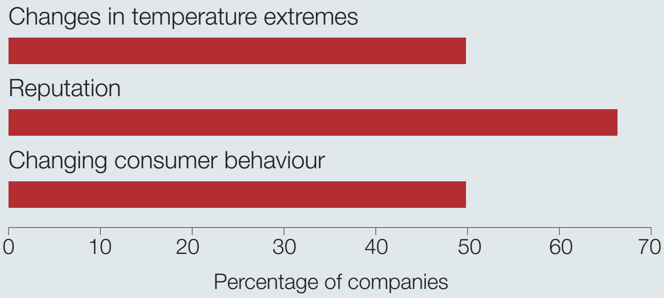


Figure 3CD. Engagement methods reported by the companies in the sector

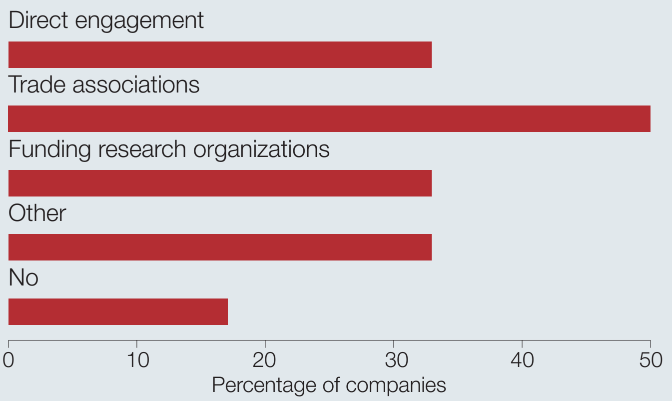


Figure 6CD. Most commonly reported opportunities

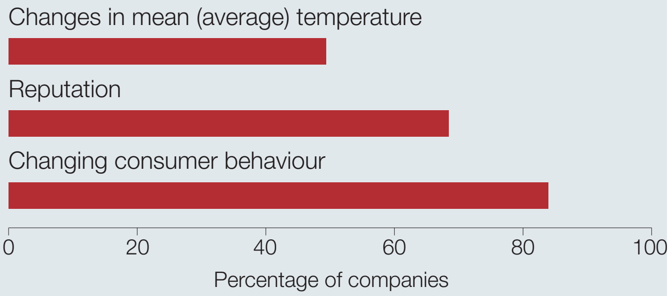


Figure 4CD. Engagement themes reported by the companies in the sector

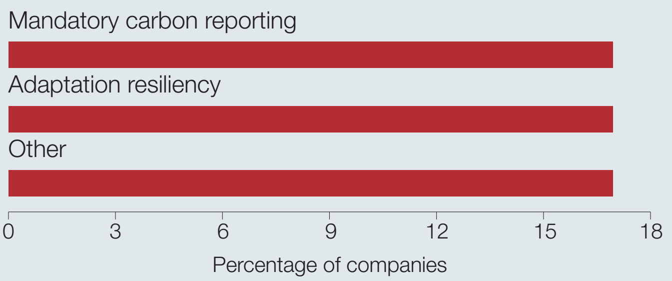
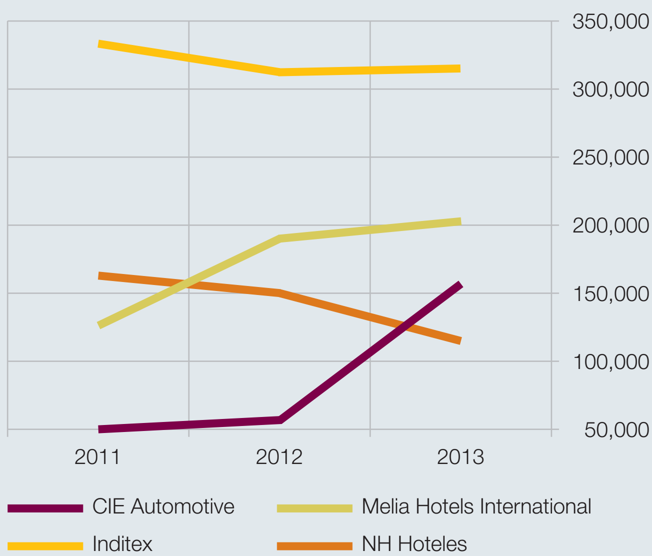


Figure 7CD. Reported Scope 1+2 emissions by company (2011-2013)



Financials

SECTOR RESPONSE RATE

59% (13 OUT OF 22)

Responding companies

- Banco Comercial Portugués
- Banco Espírito Santo
- Banco Popular Español
- Banco Sabadell
- Banco Santander
- Banif
- Bankinter
- BBVA
- CaixaBank
- Mapfre
- Bankia (NP)
- Bolsas y Mercados Españoles (NP)
- Espírito Santo Financial Group (SA

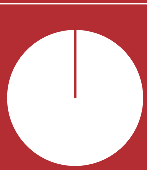
Non responding companies

- Banco BPI
- Corporación Financiera Alba
- Dinamia Capital Privado
- Grupo Catalana Occidente
- Quabit Inmobiliaria
- Realia Business
- Renta4 Banco
- Sociedade Comercial
- Orey Antunes
- Sonae Capital

100,422 tCO_2e
Scope 1 total reported emissions

800,509 tCO_2e
Scope 2 total reported emissions

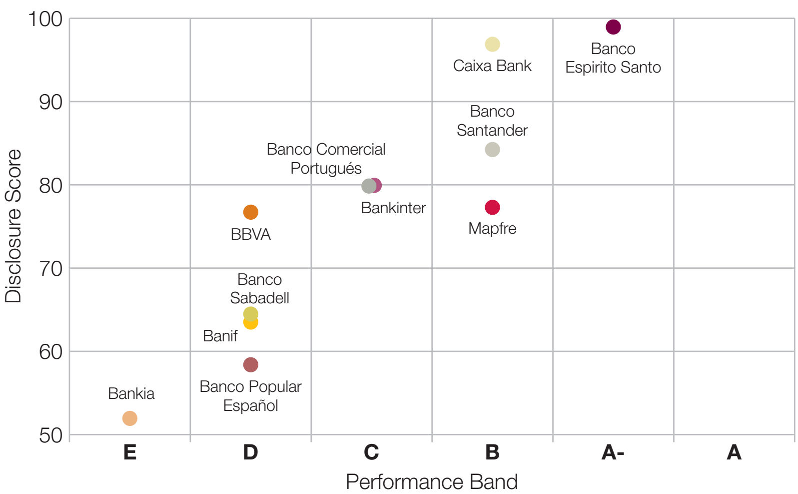
0.26
Scope 3 / Scope 1+2 ratio



0.23%
Scope 1+2 emission percentage from total Iberia 125 emissions

73 C **Sector average disclosure score and performance band**

Figure 1FIN. Disclosure score vs. performance band for sector responding companies



Banco Espirito Santo understands that the changing consumer behaviour is an interesting driver for product development and an opportunity to reinforce reputation through engagement and awareness. As public concern about climate change grows, consumers are increasingly interested in buying products that have a positive contribution to the environment.

Banco Espírito Santo

With 13 companies, the Financials sector is the largest in terms of companies that responded to the questionnaire in 2013. The response rate (59%) is above average and just below that of the Utilities, Telecommunications and Energy sectors. The sector is responsible for only 0.23% of reported Scope 1 and 2 emissions from responding Iberia 125 companies. It should be emphasised, however, that the sector come third in the amount of Scope 2 emissions, with 3.01 million tCO_2e and above sectors such as Industrials.

While Scope 3 emissions reported by Financials' companies represent only 35% of combined Scope 1 and 2 emissions, Scope 3 emissions inventories of these companies are very small and limited to the calculation of emissions from business travels (eight companies), employee commuting (2) and purchased products (1). No company has reported emissions from their investment portfolios, although it is a common practice among Financials' companies to report investments in renewable energies as an indirect action to reduce GHG emissions.

Public policies in which most companies in this sector are engaging are energy efficiency and clean energy generation to represent a field needing funding and financial services. However it is surprising that only 8% of businesses state to engage on climate change financing, the same level as much less specific issues in this sector as emissions' trading or mandatory reporting on climate change.

Assessment of the actions of the Financials shows that they are underperforming with a score of 73 C. However, the group of companies form a very broad spectrum including companies with a very basic answer to leaders like Banco Espírito Santo (99 A-) or CaixaBank (97 B).

Scope 3 emissions categories most reported in the sector
Business travel (8)
Employee commuting (2)
Purchased goods and services (1)

Figure 2FIN. Percentage of companies with emission reduction targets and level of achievement in the sector

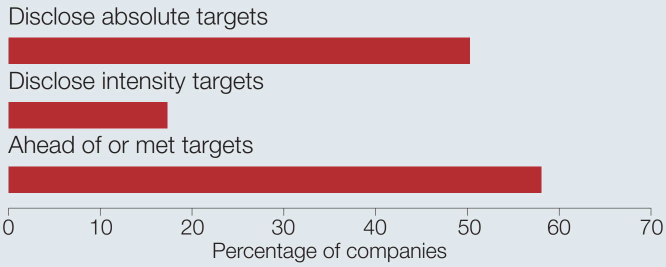


Figure 3FIN. Engagement methods reported by the companies in the sector

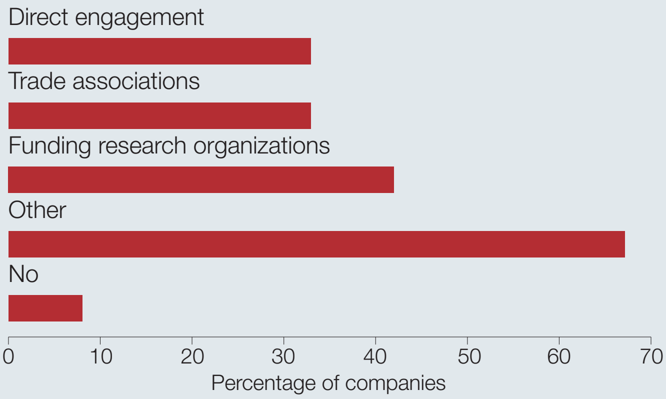


Figure 4FIN. Engagement themes reported by the companies in the sector

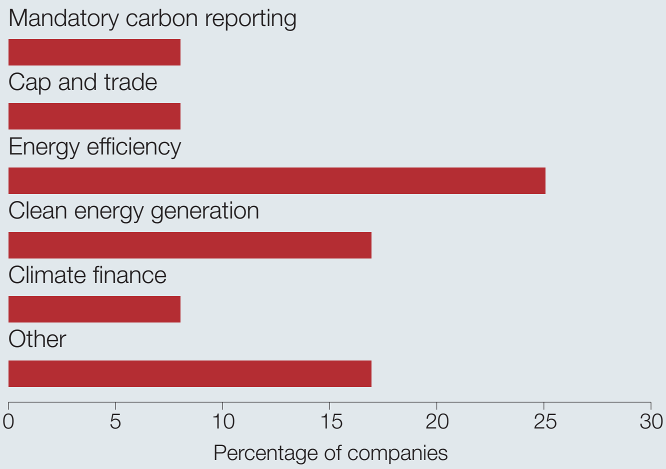


Figure 5FIN. Most commonly reported risks

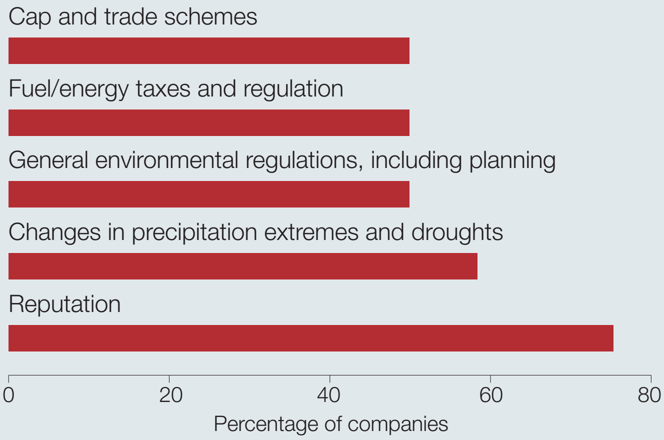


Figure 6FIN. Most commonly reported opportunities

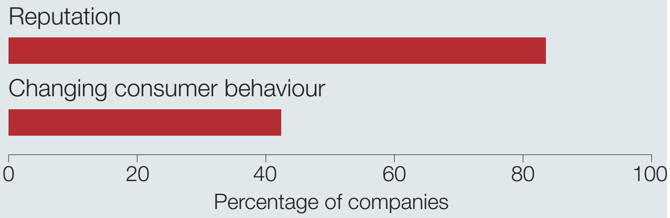
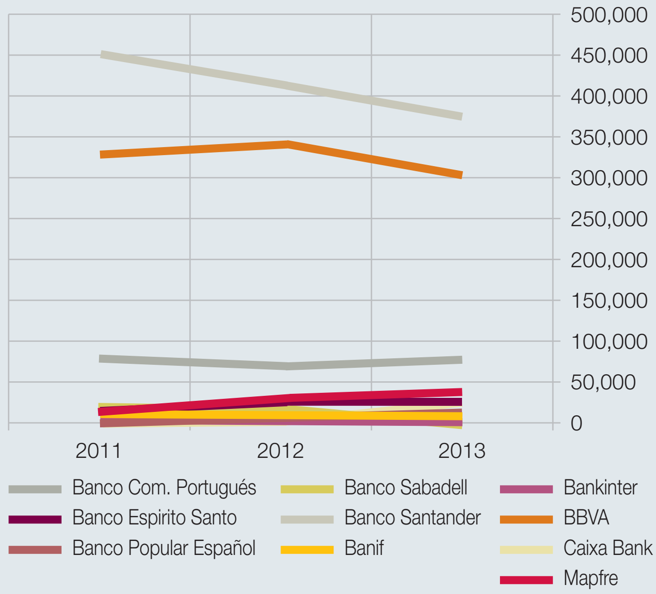


Figure 7FIN. Reported Scope 1+2 emissions by company (2011-2013)



Industrials

SECTOR RESPONSE RATE

37% (10 OUT OF 27)

Responding companies

- Abengoa
- Abertis Infraestructuras
- Acciona
- Ferrovial
- Gamesa
- International Consolidated Airlines Group
- Martifer
- OHL
- FCC (NP)
- Técnicas Reunidas (NP)

Non responding companies

- ACS
- Brisa Auto-Estradas de Portugal
- CAF
- Duro Felguera
- Fersa Energías Renovables
- Grupo Empresarial San José
- Grupo Soares da Costa
- Mota-Engil
- Prosegur
- Sacyr Vallehermoso
- Semapa
- Service Point Solutions
- Solaria Energía y Medio Ambiente
- Sonae Indústria
- Teixeira Duarte
- Vueling
- Zardoya Otis

38,452,203 tCO_2e
Scope 1 total reported emissions

2,028,623 tCO_2e
Scope 2 total reported emissions

10.44%
Scope 1+2 emission percentage from total Iberia 125 emissions

10.96
Scope 3 / Scope 1+2 ratio

79 B **Sector average disclosure score and performance band**

Figure 1IND. Disclosure score vs. performance band for sector responding companies

Ferrovial has worked in recent years on the development of new models of finance, based on public-private cooperation which could make it possible gradually to renew the current stock of buildings in the medium to long term. It is an alternative for the building sector, but also a great opportunity for the country as a whole because of its potential to generate economic activity and jobs.

Ferrovial

The Industrials sector is the second largest of the sample. With ten companies responding to the questionnaire in 2013, it represents 19% of the responses to the questionnaire. Industrial activity is the third in volume of Scope 1 and 2 emissions with a total of just above 40 million tCO_2e (10.96% of the total emissions of the sample).

The sector has some of the most advanced practices in managing emissions. For example, reported Scope 3 emissions, representing 10.96 times the emissions from Scope 1 and 2, is a clear sign of the increasing sophistication on the indirect emission inventory from Industrial companies. As a matter of fact, six of the ten companies in this sector have emission inventories and reported emissions generated by its suppliers as part of the emissions of its value chain.

Other indicators that demonstrate the advanced management level of these companies is that 80% of industrials companies have reported absolute targets for reducing emissions and 90% are ahead of these objectives.

Industrials companies are the most active in public policy engagement: 70% of companies reported direct engagement with clean energy generation as the topic most often addressed. Not surprisingly many of these companies have diversified over the past decade from construction activities towards renewable energy and have now become a major player in this activity which is strongly influenced by government action.

Average levels for disclosure and performance in industrials are 79 B, above the average for all responding companies. This sector includes three of the four companies that are part of both CDLI and CPLI indices simultaneously (Ferrovial, Abengoa and Acciona).

Three other companies (OHL, IAG and Abertis) issued a complete response to the questionnaire. On the other hand, 17 companies in this sector did not respond to CDP questionnaire in 2013, including ACS, an IBEX35 company which answered the questionnaire until 2012.

Scope 3 emissions categories most reported in the sector
Purchased goods and services (6)
Fuel-and-energy-related activities (not included in Scope 1 or 2) (1)
Business travel (1)
Downstream transportation and distribution (1)

Figure 2IND. Percentage of companies with emission reduction targets and level of achievement in the sector

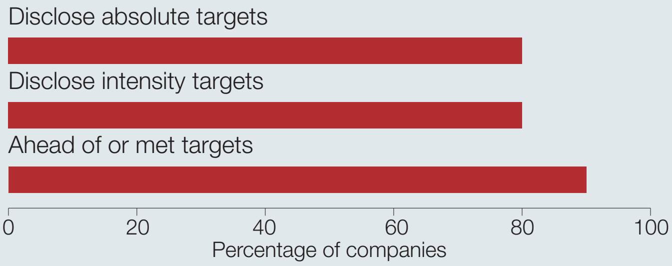


Figure 3IND. Engagement methods reported by the companies in the sector

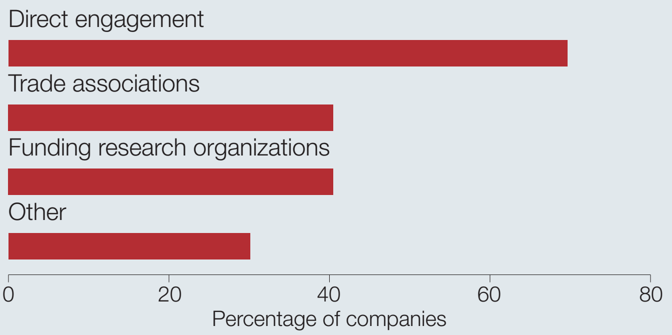


Figure 4IND. Engagement themes reported by the companies in the sector

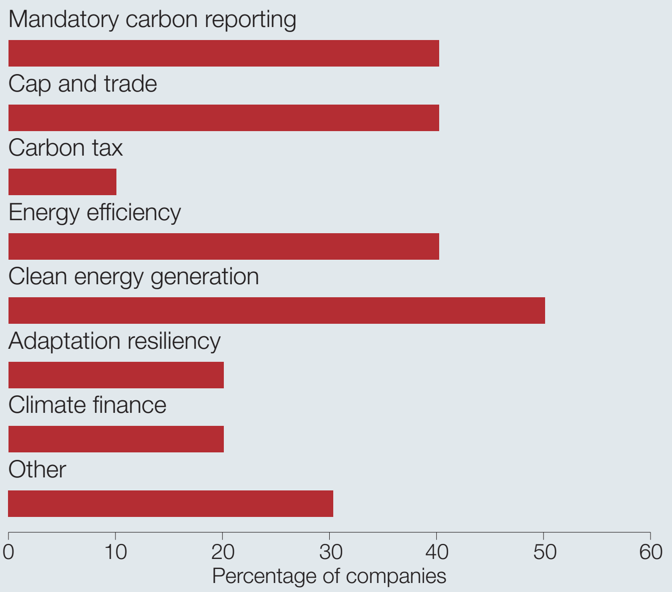


Figure 5IND. Most commonly reported risks

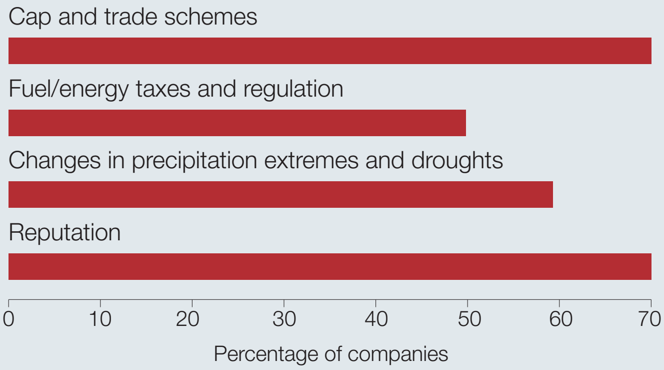


Figure 6IND. Most commonly reported opportunities

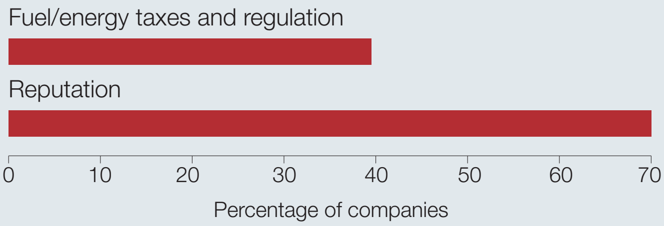
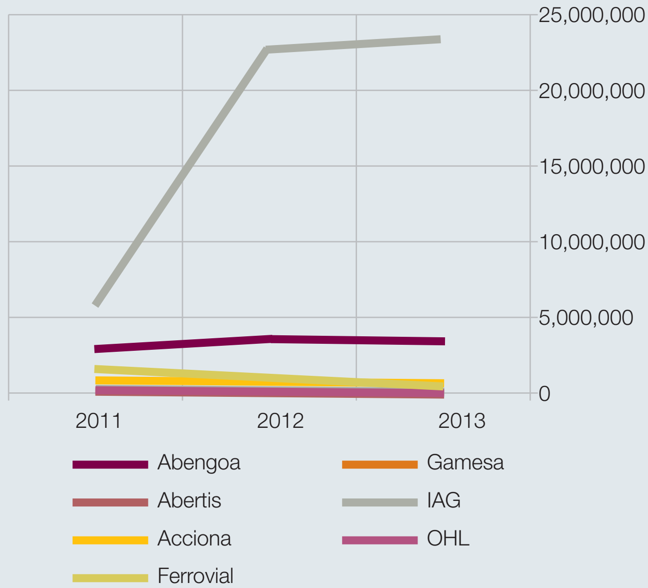


Figure 7IND. Reported Scope 1+2 emissions by company (2011-2013)



Materials

SECTOR RESPONSE RATE

33% (6 OUT OF 18)

Responding companies

- Acerinox
- Arcelor Mittal
- Ercros
- Corticeira Amorim (NP)
- Miquel y Costas (NP)
- Cementos Portland Valderrivas (SA)

Non responding companies

- Adveo
- Altri
- Cimpor
- Ence Energía y Celulosa
- Europac
- F. Ramada Investimentos
- Inapa
- La Seda Barcelona
- Portucel
- Sniace
- Tubacex
- Tubos Reunidos

158,757,106 tCO_2e

Scope 1 total reported emissions

18,051,078 tCO_2e

Scope 2 total reported emissions

46%

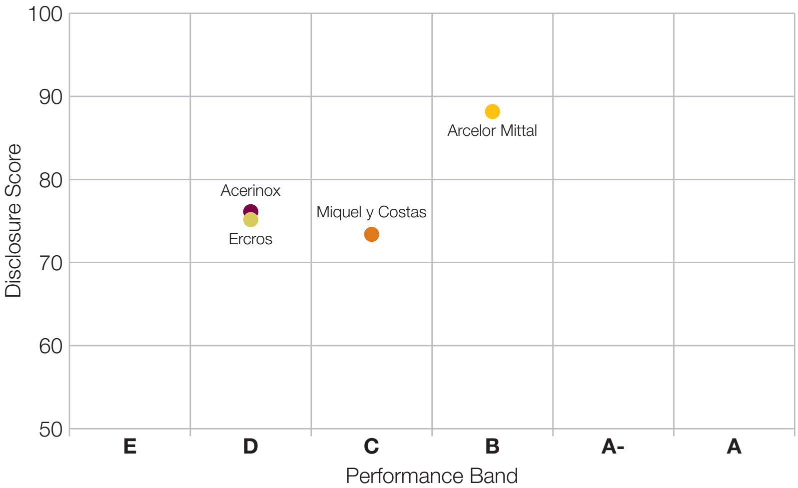
Scope 1+2 emission percentage from total Iberia 125 emissions

0.07

Scope 3 / Scope 1+2 ratio

70 C **Sector average disclosure score and performance band**

Figure 1MAT. Disclosure score vs. performance band for sector responding companies



We engage with our key suppliers on GHG emissions and climate change strategy as part of our suppliers' evaluation process. We ask them in particular: Do they measure their GHG emissions? If yes, do their emissions improve year on year? Have they set publically available reduction targets? Is their GHG data externally verified?

Arcelor Mittal

With a response rate of only 33%, and with only five companies directly responding to the questionnaire, the Materials sector is the biggest GHG emitter, responsible for 46% of total Scope 1 and 2 emissions in the Iberia 125 sample.

However, emissions management practices in the sector are far below that of other sectors. Unsurprisingly then, their average disclosure and performance scores are the lowest of the sectors analysed: 70 C.

The sector's Scope 3 emissions inventory is testimonial. Just one single company is assessing emissions from its suppliers and evaluating emissions from other energy-related activities. However, the amount of GHG emissions from Scope 1 and 2 is so high that some companies justify their focus on these emissions as the most relevant.

Due to the strong coupling between their production and their emissions, most companies in the materials sector opt for the establishment of intensity reduction targets (80% of companies) versus absolute targets. However, only 40% of companies are achieving or improving their reduction targets, the lowest rate, by far, of the five sectors analyzed.

Engagement in public policy is also very limited in this sector. Only 40% of companies report engagement, with emissions trading and carbon taxes as the issues relevant to the sector.

There is no company from the Materials sector with a high-level disclosure or performance score. Two of the five companies in the sector offer a comprehensive response to the questionnaire not reaching though the level of best practice (Arcelor Mittal and Miquel y Costas) while two others are in the phase of developing capacity to fully respond to the questionnaire.

Scope 3 emissions categories most reported in the sector
Purchased goods and services (1)
Fuel-and-energy-related activities (not included in Scope 1 or 2) (1)

Figure 2MAT. Percentage of companies with emission reduction targets and level of achievement in the sector

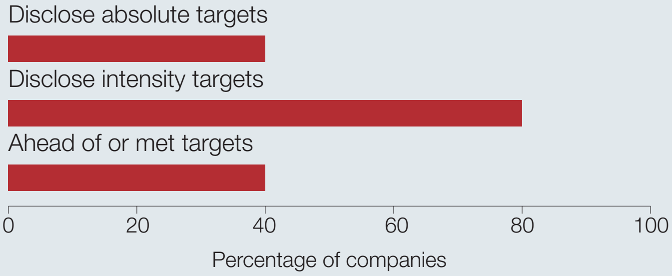


Figure 5MAT. Most commonly reported risks

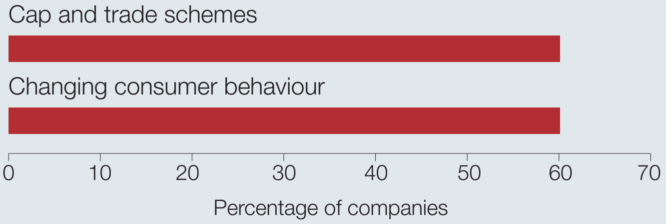


Figure 3MAT. Engagement methods reported by the companies in the sector

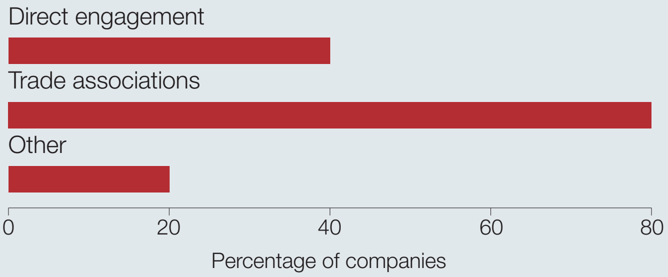


Figure 6MAT. Most commonly reported opportunities

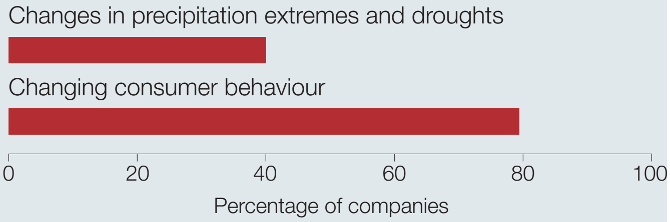


Figure 4MAT. Engagement themes reported by the companies in the sector

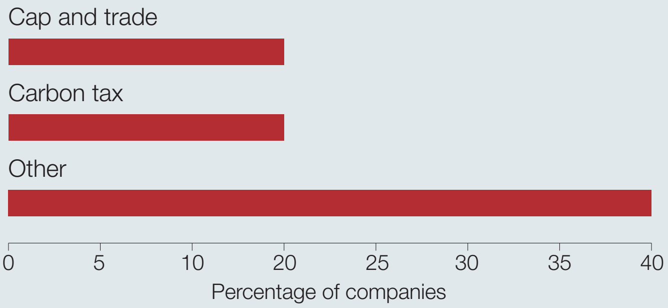
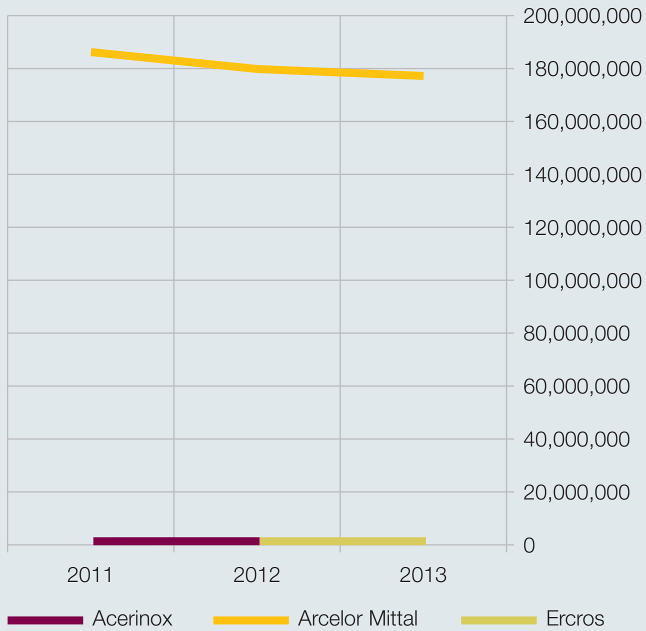


Figure 7MAT. Reported Scope 1+2 emissions by company (2011-2013)



Utilities

SECTOR RESPONSE RATE

100% **(8 OUT OF 8)**

Responding companies

- EDP Energías de Portugal
- Enagás
- Endesa
- Gas Natural Fenosa
- Iberdrola
- REE
- REN
- EDP Renováveis (SA)

134,742,477 tCO_2e

Scope 1 total reported emissions

12,024,069 tCO_2e

Scope 2 total reported emissions

38%

Scope 1+2 emission percentage from total Iberia 125 emissions

26.08

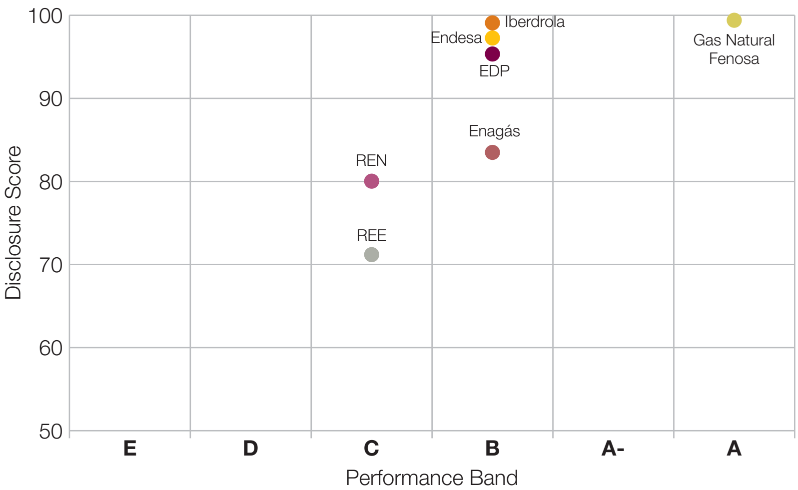
Scope 3 / Scope 1+2 ratio

90 B **Sector average disclosure score and performance band**

> *Gas Natural Fenosa´s long term strategy is driven by the EU Energy Road Map which sets an emission reduction to 50% below 1990 levels by 2030 and to 80-95% by 2050. In this context Research and Development actions are key.*
>
> **Gas Natural Fenosa**

The Utilities sector has the highest rate of response of the sectors analyzed. All the Iberia 125 companies in this sector responded in 2013 to CDP questionnaire (one of them, EDP Renováveis, through its parent company EDP). It is a highly regulated sector with high carbon intensity, and so it has been requested to act proactively in climate change management.

Figure 1UTIL. Disclosure score vs. performance band for sector responding companies



While the Utilities represent 13% of all Iberia 125 responding companies, they are responsible for 38% of total Scope 1 and 2 emissions, only behind the Materials sector and well above the third sector (Industrials, with 10.44% emissions). They also have a large indirect impact through their Scope 3 emissions that are 26 times greater than their combined Scope 1 and 2 emissions. Indirect emissions from this sector are very high both upstream (mining and extraction and refining of oil and gas) and downstream (electricity and gas transport to consumers and sale of gas for combustion).

Aware of the high impact of their activities and the high reputational risk linked to climate change the sector faces, the corporate management of climate change is well underway in these companies: the 90 B in the average score of disclosure and performance is the highest of the sectors analysed, and well above also the average of the sample Iberia 125 (78 C).

All companies in this sector state they are meeting or exceeding their emissions reduction targets.

The Utilities sector is very active in engaging with climate change public policy, both directly (100% of companies are active in this line) and indirectly, mainly through business associations (86% of companies).

Four of the companies in this sector (Gas Natural Fenosa, Iberdrola, Endesa and EDP) are among the highest disclosure scorers in Iberia 125 (the Climate Disclosure Leadership Index). Gas Natural Fenosa is the company with the highest total score in the sample, with a disclosure score of 100 points and a performance band A. In addition, all companies sent a complete response to the CDP questionnaire, demonstrating long-term action that has already passed the developing capacity phase.

Scope 3 emissions categories most reported in the sector
Purchased goods and services (1)
Fuel-and-energy-related activities (not included in Scope 1 or 2) (1)
Upstream transportation and distribution (1)
Use of sold products (1)

Figure 2UTIL. Percentage of companies with emission reduction targets and level of achievement in the sector

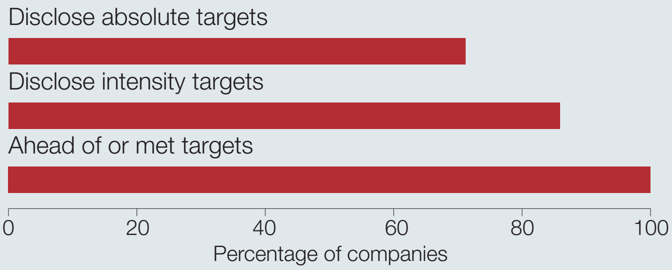


Figure 3UTIL. Engagement methods reported by the companies in the sector

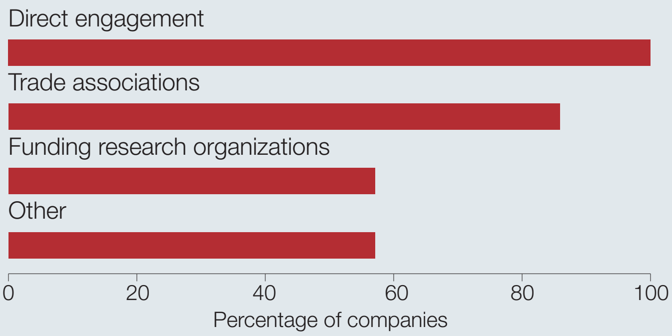


Figure 4UTIL. Engagement themes reported by the companies in the sector

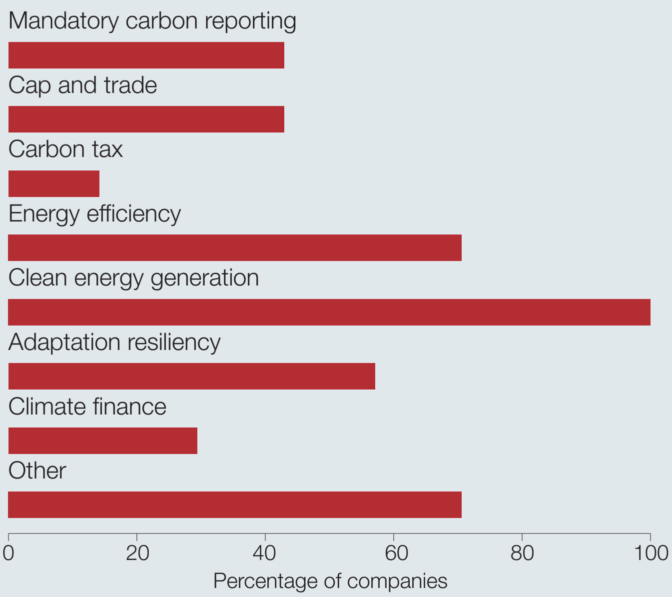


Figure 5UTIL. Most commonly reported risks

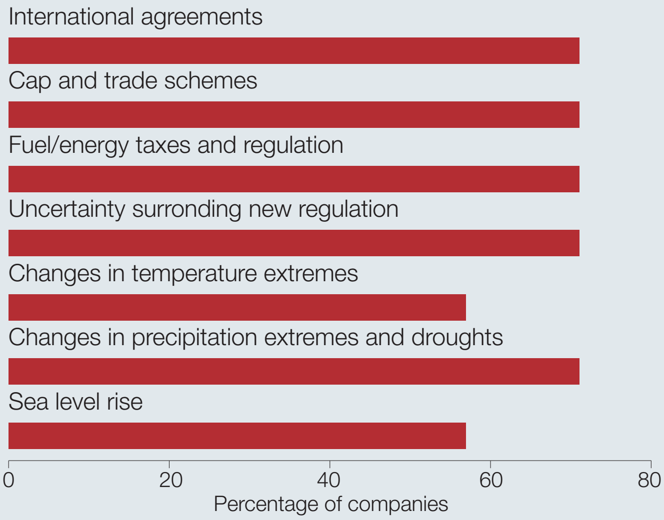


Figure 6UTIL. Most commonly reported opportunities

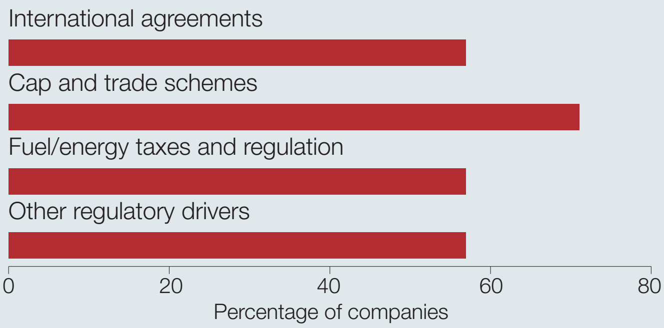
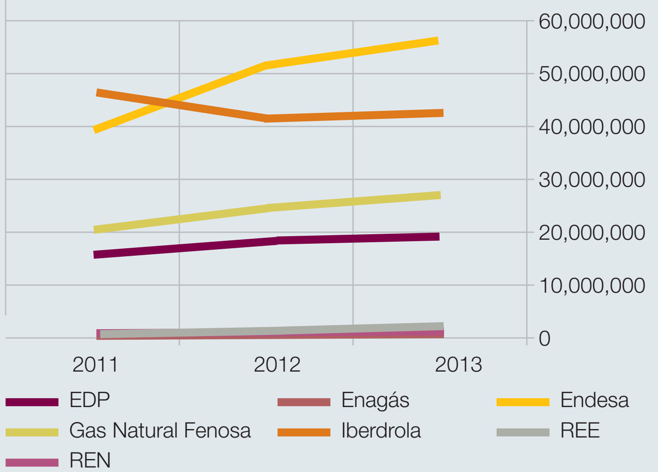


Figure 7UTIL. Reported Scope 1+2 emissions by company (2011-2013)



Conveying ESG data to capital markets in Portugal

Bank Credit vs. Capital Markets

Historically, the banking activity in Portugal commences in close relation to big industrial groups, this may be partly why today we see Portuguese companies resorting essentially to banks to meet their finance needs. This trait is not specific to the Portuguese economy and generally common in Europe. However, since Portugal begun in 2011 its financial assistance programme, Portuguese companies have increasingly turned from bank credit to capital markets. Commercial banks started deleveraging operations and recapitalising, forced to bring down their *credit to deposit ratio* and up their *core tier 1 capital ratio* to improve resilience. Thus companies sought other ways to back themselves; several listed companies issued bonds in the primary market for retail investors or searched for institutional investors and high-net-worth individuals to reinforce their share capital.

Asset Managers

This reinforced relation of Portuguese companies with capital markets should serve as a reminder that non-financial information requested by investors also plays an important role. The investors' community is more and more sensitive to Environmental, Social and Governance (ESG) issues and their potential positive and negative impacts on company financials. For example, according to Eurosif, in 2011 there were €3.2 trillion assets under management (AuM) in Europe run with the explicit inclusion, by asset managers, of ESG risks and opportunities into traditional financial analysis and investment decisions. This figure not only grew 6.8% from 2009 to 2011, but also makes for an impressive number considering the total of European AuM in 2011 estimated by EFAMA was €13.8 trillion. Bloomberg as well estimated an increase upwards of 50% since 2009 in access to CDP and other ESG data provided by its terminals. A company reporting to CDP its emission reduction activities and emission reduction targets, is ESG data of pivotal importance for an investor. That can be one of the reasons why in 2013 only Iberia 125 10 responding companies had "no target", with a steady decline in number since 2011.

Institutional Investors

Within the circle of institutional investors, the insurance sector deserves a closer look; it understood early-on the added value in CDP's data. One reason being that climate change data has a dual purpose in their arena, as it can play a serious role in risk insurance analysis, adding to investment purposes. The Portuguese insurance sector has €50.25 billion AuM; almost 40% of this capital is invested in corporate shares and bonds, the latter being the largest of the asset classes used by the sector.

Pension funds too can play a leading role in use of ESG data, as they are naturally long term investors. Companies disclosing to CDP only short-term investment in emission reduction initiatives can be overlooked by investors of this sort; we see precisely this trend in the Iberia sample with initiatives with *<1year* and *1-3years* payback periods gaining in numbers since 2011. When speaking of pension funds one should highlight Norges Bank Investment Management, which owns roughly 2% of European equities, and is a significant player in Portugal with shares in more than 20 companies listed in *PSI Geral*. They are a signatory of CDP managing the Norwegian Government Pension Fund Global, the largest pension fund in the world, and are considered a proxy worldwide in use of ESG information in investment analysis.

Retail Investors

The most remarkable news on use of ESG data by retail investors comes from the 2012 EU proposal for Regulation of Key Information Documents (KID) for Investment Products. This proposal covers four groups of investment products (investment funds, insurance-based investment products, retail structured securities and structured term deposits) that make up for a market in Europe worth up to €10 trillion. The nexus with ESG is the proposal's requirement for the KID to include "*an indication of whether the investment product manufacturer targets specific environmental, social or governance outcomes, either in respect of his conduct of business or in respect of the investment product, and if so, an indication of the outcomes being sought and how these are to be achieved*". The responsibility of preparing the KID belongs to the investment product manufacturer, meaning more asset firms will research ESG data of listed companies, if the product *basket*/investment fund entails corporate shares, bonds, etc. Pre-empting information demands like such by disclosing in CDP's platform is of obvious value to listed companies in Iberia in the short-term, as the full proposal is expected to be in place by end of 2014.

In conclusion, more and more stakeholders see a need of ESG disclosure. That is also why the European Commission in April this year presented a legislative proposal mandating large European companies (>500 employees) to report material non-financial information. Also noteworthy is the UK Government initiative of July 2013, introducing mandatory corporate GHG disclosure to every company listed in the London stock exchange. Euronatura hopes more governments can follow this lead by launching and endorsing disclosure initiatives that can, not only promote cost and efficiency savings as a result of measurement and management, but furthermore advance corporate transparency in financial markets, benefitting companies and investors.

André Baltazar
Researcher, Euronatura

Appendix I - Non-responding companies

Company name	Country	2013 status
Consumer Discretionary		
Azkoyen	Spain	NR
Codere	Spain	NR
Cofina	Portugal	NR
Estoril Sol	Portugal	NR
Fluidra	Spain	NR
Ibersol	Portugal	NR
Impresa	Portugal	NR
Media Capital	Portugal	NR
Prisa	Spain	NR
SAG	Portugal	NR
Toyota Caetano	Portugal	NR
Vértice 360	Spain	NR
Consumer Staples		
Baron de Ley	Spain	NR
Bodegas Riojanas	Spain	NR
Dia	Spain	NR
Pescanova	Spain	NR
Sumol Compal	Portugal	NR
Viscofan	Spain	NR
Vista Alegre Atlantis	Portugal	NR
Financials		
Banco BPI	Portugal	NR
Corporacion Financiera Alba	Spain	NR
Dinamia Capital Privado	Spain	NR
Grupo Catalana Occidente	Spain	NR
Quabit Inmobiliaria	Spain	NR
Realia Business	Spain	NR
Renta 4 Banco	Spain	NR
Sociedade Comercial Orey Antunes	Portugal	NR
Sonae Capital	Portugal	NR
Healthcare		
Almirall	Spain	NR
Biosearch	Spain	NR
Clinica Baviera	Spain	NR
Laboratorios Farmaceuticos Rovi	Spain	NR
Natra	Spain	NR
Natraceutical	Spain	NR
Zeltia	Spain	NR

Company name	Country	2013 status
Industrials		
Prosegur	Spain	DP
ACS Actividades de Construccion y Servicios	Spain	NR
Brisa- Auto-Estradas de Portugal	Portugal	NR
Construcciones y Auxiliar de Ferrocarriles	Spain	NR
Duro Felguera	Spain	NR
Fersa Energias Renovables	Spain	NR
Grupo Empresarial San José	Spain	NR
Grupo Soares da Costa	Portugal	NR
Mota-Engil	Portugal	NR
Sacyr Vallehermoso	Spain	NR
Semapa	Portugal	NR
Service Point Solutions	Spain	NR
Solaria Energia y Medio Ambiente	Spain	NR
Sonae Indústria	Portugal	NR
Teixeira Duarte	Portugal	NR
Vueling	Spain	NR
Zardoya Otis	Spain	NR
Information Technology		
Grupo Ezentis	Spain	NR
Jazztel	Spain	NR
Novabase	Portugal	NR
Reditus	Portugal	NR
Tecnocom	Spain	NR
Materials		
Adveo	Spain	DP
Altri	Portugal	NR
Cimpor	Portugal	NR
Ence Energia y Celulosa	Spain	NR
Europac	Spain	NR
F. Ramada Investimentos	Portugal	NR
Inapa	Portugal	NR
La Seda de Barcelona	Spain	NR
Portucel	Portugal	NR
Sniace	Spain	NR
Tubacex	Spain	NR
Tubos Reunidos	Spain	NR
Telecommunication Services		
Amper	Spain	NR

Appendix Key:

AQ: Answered Questionnaire
DP: Declined to Participate
NR: No Response
SA: See Another - refers to another company response
Not public: the company responded privately
NL: Non Listed Company
Scope 3 column: value indicates number of S3 categories that were reported as 'relevant and calculated'
*: the asterisk on scope 1 or scope 2 emissions figure indicates full points were awarded for verification that is complete or underway using an approved standard
"Bold: companies that are in either CPLI (performance band A) or CDLI (disclosure score 95 or higher); or both"

To read 2013 company responses in full please go to www.cdp.net/en-US/Results/Pages/responses.aspx

Appendix II - Responding companies, scores and emissions data

Company name	Country	2013 Score	Scope 1	Scope 2	Scope 3
Consumer Discretionary					
Atresmedia	Spain	60 D		Not public	
CIE Automotive	Spain	85 C	44,639	111,847	
Inditex	Spain	80 B	24,478*	290,119*	2
Mediaset España Comunicación	Spain	55 E		Not public	
Melia Hotels International	Spain	83 B	51,305	151,605	2
NH Hoteles	Spain	78 C	53,193	61,585	1
Consumer Staples					
Ebro Foods	Spain	36		Not public	
Jerónimo Martins	Portugal	66 C	239,509	652,906	4
Sonae	Portugal	**98 A**	57,225*	271,235	3
Energy					
Galp Energia	Portugal	**99** B	3,319,758*	214,685*	4
Repsol	Spain	**98** B	14,062,806*	811,243*	3
Financials					
Banco Comercial Português	Portugal	80 C	18,626*	60,510*	2
Banco Espírito Santo	Portugal	**99** A-	7,186*	20,044*	2
Banco Popular Espanol	Spain	59 D	788*	14,012*	2
Banco Sabadell	Spain	64 D	378*	381*	1
Banco Santander	Spain	84 B	31,857*	342,928*	2
Banif	Portugal	63 D	4,134	5,124	1
Bankia	Spain	52 D		Not public	
Bankinter	Spain	80 C	312*	8,508*	1
BBVA	Spain	76 D	9,267	295,771	1
Bolsas y mercados espanoles	Spain	48		Not public	
Caixa Geral de Depósitos (AQ-NL)	Portugal	**99 A**	4,581*	26,812*	2
CaixaBank	Spain	**97** B	12,346*	15,939*	2
Espirito Santo Financial Group (See Banco Espirito Santo)	Luxemburgo	SA(AQ)			
Mapfre	Spain	78 B	6,897*	32,711*	2
Healthcare					
Grifols	Spain	90 B	83,005*	103,605,3	2

Company name	Country	2013 Score	Scope 1	Scope 2	Scope 3
Industrials					
Abengoa	Spain	**95 A**	2,995,171*	658,190*	8
Abertis Infraestructuras	Spain	83 B	37,743*	100,520*	4
Acciona	Spain	**97 A**	607,528*	201,003*	7
CTT – Correios de Portugal (AQ - NL)	Portugal	86 B	14,568*	10,842*	5
Ferrovial	Spain	**99 A**	502,496*	105,672*	6
Fomento de Construcciones y Contratas (FCC)	Spain	75 C		Not public	
Gamesa Corporación Tecnológica	Spain	64 D	14,202	33,454	1
International Consolidated Airlines Group	Spain	88 B	23,230,095*	131,636*	5
Martifer	Portugal	13			0
Obrascon Huarte Lain (OHL)	Spain	90 B	251,757*	51,038	1
Técnicas Reunidas	Spain	81 C		Not public	
Information Technology					
Amadeus IT Holding	Spain	79 B		Not public	
Indra	Spain	62 D	6,437*	28,818*	1
Materials					
Acerinox	Spain	75 D	167,876	217,573	
Arcelor Mittal	Luxemburgo	88 B	158,192,000*	17,256,000*	1
Cementos Portland Valderrivas (See FCC)	Spain	SA(AQ)			
Corticeira Amorim	Portugal	40		Not public	
Ercros	Spain	74 D	321,539*	514,122*	
Miquel y Costas	Spain	73 C		Not public	
Telecommunication Services					
Portugal Telecom	Portugal	83 **A**	17,528*	124,215*	2
Sonaecom	Portugal	**95 B**	3,664*	29,027*	2
Telefónica	Spain	**95 B**	111,124*	1,649,137*	6
ZON Multimédia	Portugal	60 D		Not public	
Utilities					
EDP - Energias de Portugal	Portugal	**97** B	18,045,570*	1,454,760*	6
EDP Renováveis (See EDP)	Spain	SA(AQ)			
Enagás	Spain	83 B	387,651	61,377	
Endesa	Spain	**98** B	54,676,230*	1,317,120*	5
Gas Natural Fenosa	Spain	**100 A**	26,062,058*	956,889*	2
Iberdrola	Spain	**99 B**	35,461,092*	7,189,301*	
Red Eléctrica de España	Spain	71 C	77,355	880,011	1
REN - Redes Energéticas Nacionais	Portugal	80 C	32,520*	164,611*	

Appendix Key:

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NL: Non Listed Company
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“Bold: companies that are in either CPLI (performance band A) or CDLI (disclosure score 95 or higher); or both”

To read 2013 company responses in full please go to www.cdp.net/en-US/Results/Pages/responses.aspx

Appendix III - Investor members and signatoires

CDP works with investors globally to advance the investment opportunities and reduce the risks posed by climate change by asking over 5,000 of the world's largest companies to report their climate strategies, GHG emissions and energy use through CDP's standardized format. To learn more about CDP's member offering and becoming a member, please contact us or visit the investor pages at **https://www.cdp.net/en-US/WhatWeDo/Pages/investors.aspx**

- ABRAPP - Associação Brasileira das Entidades Fechadas de Previdência Complementar
- ATP Group
- Aviva Investors
- Bank of America
- Bendigo and Adelaide Bank
- BlackRock
- Boston Common Asset Management, LLC
- California Public Employees' Retirement System (CalPERS)
- California State Teachers' Retirement System (CalSTRS)
- Calvert Group, Ltd.
- Capricorn Investment Group
- Catholic Super
- CCLA Investment Management Ltd
- Daiwa Asset Management Co. Ltd.
- Generation Investment Management
- Goldman Sachs Group Inc.
- Henderson Global Investors
- HSBC Holdings plc
- Legg Mason, Inc.
- KLP
- London Pensions Fund Authority
- Mobimo Holding AG
- Mongeral Aegon Seguros e Previdência S.A.
- Morgan Stanley
- National Australia Bank
- Neuberger Berman
- Newton Investment Management Limited
- Nordea Bank
- Norges Bank Investment Management (NBIM)
- Northwest and Ethical Investments L.P. (NEI Investments)
- PFA Pension
- Robeco
- RobecoSAM AG
- Rockefeller Asset Management
- Royal Bank of Scotland Group
- Sampension KP Livsforsikring A/S
- Schroders
- Scottish Widows Investment Partnership
- Skandinaviska Enskilda Banken AB (SEB AB)
- Sompo Japan Insurance Inc.
- Standard Chartered
- Sun Life Financial Inc
- Sustainable Insights Capital Management
- TD Asset Management
- The Wellcome Trust

Figure X. Increasing number of investors requesting climate data through CDP

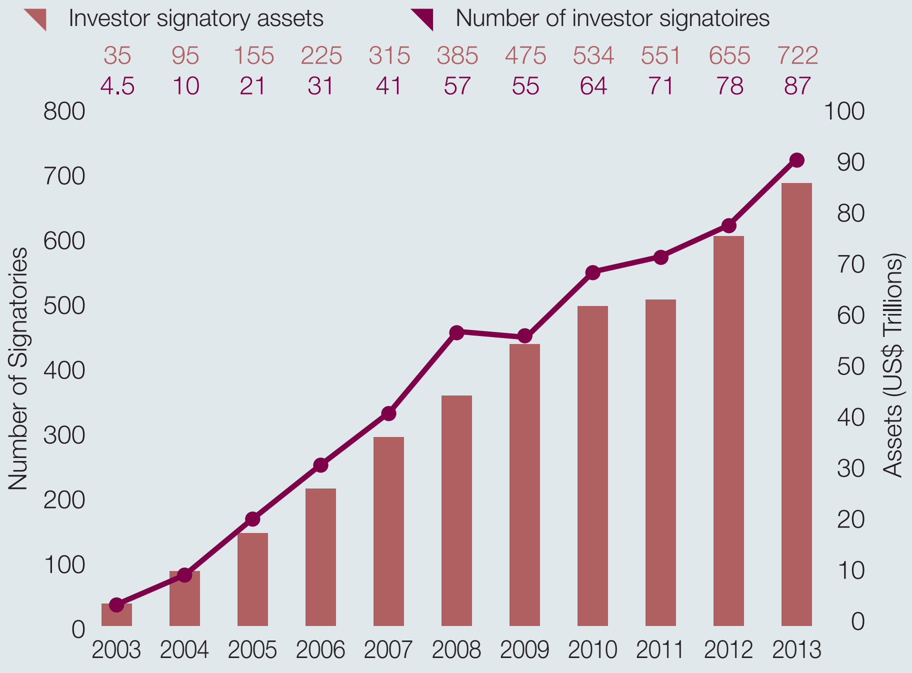


Figure X. Investor signatory breakdown - region

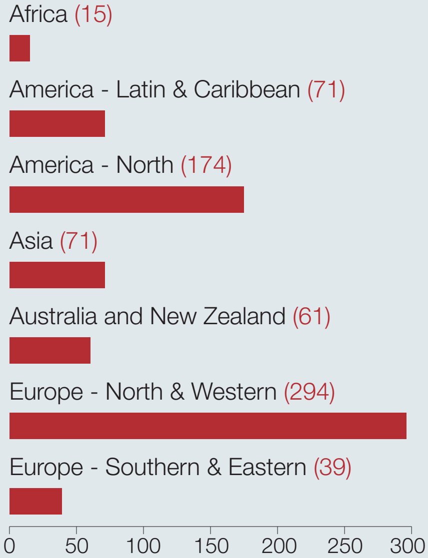
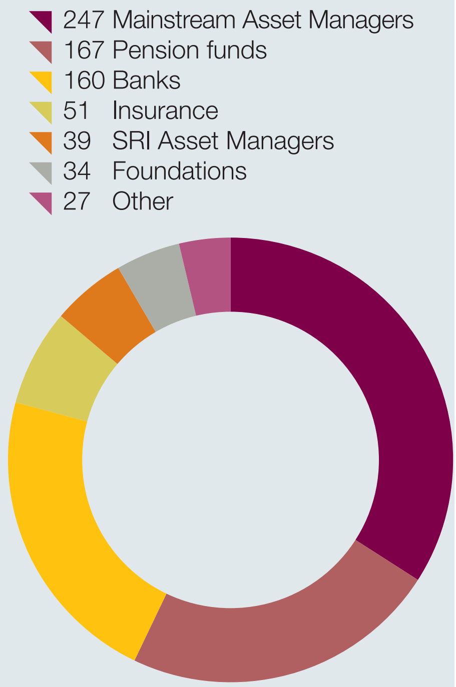


Figure X. 2013 Signatory investor breakdown



Investor signatories

722 financial institutions with assets of US$87 trillion were signatories to the CDP 2013 climate change information request dated February 1st 2013

3Sisters Sustainable Management LLC
Aberdeen Asset Management
Aberdeen Immobilien KAG mbH
ABRAPP - Associação Brasileira das Entidades Fechadas de Previdência Complementar
Achmea NV
Active Earth Investment Management
Acuity Investment Management
Addenda Capital Inc.
Advanced Investment Partners
Advantage Asset Managers (Pty) Ltd
Aegon N.V.
AEGON-INDUSTRIAL Fund Management Co., Ltd
AFP Integra
AIG Asset Management
AK PORTFÖY YÖNETİMİ A.Ş.
AKBANK T.A.Ş.
Alberta Investment Management Corporation (AIMCo)
Alberta Teachers Retirement Fund
Alcyone Finance
AllenbridgeEpic Investment Advisers
Alliance Trust
Allianz Elementar Versicherungs-AG
Allianz Global Investors AG
Allianz Group
Altira Group
Amalgamated Bank
Amlin
AMP Capital Investors
AmpegaGerling Investment GmbH
Amundi AM
ANBIMA – Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais
Antera Gestão de Recursos S.A.
APG Group
AQEX LLC
Aquila Capital
Arisaig Partners
Arkx Investment Management
ARMA PORTFÖY YÖNETİMİ A.Ş.
Armstrong Asset Management
ASM Administradora de Recursos S.A.
ASN Bank
Assicurazioni Generali
ATI Asset Management
Atlantic Asset Management
ATP Group
Auriel Capital Management
Australia and New Zealand Banking Group
Australian Ethical Investment
AustralianSuper
Avaron Asset Management AS
Aviva
Aviva Investors
AXA Group
Baillie Gifford & Co.
BaltCap
Banco Bradesco S/A
Banco Comercial Português SA
Banco de Credito del Peru BCP
Banco de Galicia y Buenos Aires S.A.
Banco do Brasil Previdência
Banco do Brasil S/A
Banco Espírito Santo SA
Banco Nacional de Desenvolvimento Economico e Social (BNDES)
Banco Popular Espanol
Banco Sabadell
Banco Santander
Banesprev – Fundo Banespa de Seguridade Social
Banesto
BANIF SA
Bank Handlowy w Warszawie SA
Bank Leumi Le Israel
Bank of America Merrill Lynch
Bank of Montreal
Bank of Nova Scotia (Scotiabank)
Bank Sarasin & Cie AG
Bank Vontobel
Bankhaus Schelhammer & Schattera Kapitalanlagegesellschaft m.b.H.
Bankia
Bankinter
BankInvest
bankmecu
Banque Degroof
Banque Libano-Francaise
Barclays
Basellandschaftliche Kantonalbank
BASF Sociedade de Previdência Complementar
Basler Kantonalbank
Bâtirente
Baumann and Partners S.A.
Bayern LB
BayernInvest Kapitalanlagegesellschaft mbH
BBC Pension Trust Ltd
BBVA
Bedfordshire Pension Fund
Beetle Capital
Befimmo SA
Bendigo and Adelaide Bank
Bentall Kennedy
Berenberg Bank
Berti Investments
BioFinance Administração de Recursos de Terceiros Ltda
BlackRock
Blom Bank SAL
Blumenthal Foundation
BNP Paribas Investment Partners
BNY Mellon
BNY Mellon Service Kapitalanlage-Gesellschaft mbH
Boston Common Asset Management, LLC
Brasilprev Seguros e Previdência S/A.
Breckinridge Capital Advisors
British Airways Pensions
British Coal Staff Superannuation Scheme
British Columbia Investment Management Corporation (bcIMC)
Brown Advisory
BT Financial Group
BT Investment Management
Busan Bank
CAAT Pension Plan
Cadiz Holdings Limited
CAI Corporate Assets International AG
Caisse de dépôt et placement du Québec
Caisse des Dépôts
Caixa de Previdência dos Funcionários do Banco do Nordeste do Brasil (CAPEF)
Caixa Econômica Federal
Caixa Geral de Depósitos
CaixaBank
California Public Employees' Retirement System (CalPERS)
California State Teachers' Retirement System (CalSTRS)
California State Treasurer
Calvert Investment Management, Inc
Canada Pension Plan Investment Board (CPPIB)
Canadian Imperial Bank of Commerce (CIBC)
Canadian Labour Congress Staff Pension Fund
CAPESESP
Capital Innovations, LLC
Capricorn Investment Group
CARE Super
Carmignac Gestion
Caser Pensiones E.G.F.P
Cathay Financial Holding
Catherine Donnelly Foundation
Catholic Super
CBF Church of England Funds
CBRE Group, Inc.
Cbus Superannuation Fund
CCLA Investment Management Ltd
Celeste Funds Management
Central Finance Board of the Methodist Church
Ceres
CERES-Fundação de Seguridade Social
Change Investment Management
Chinatrust Financial Holding Co Limited
Christian Brothers Investment Services Inc.
Christian Super
Christopher Reynolds Foundation
Church Commissioners for England
Church of England Pensions Board
CI Mutual Funds' Signature Global Advisors
City Developments Limited
ClearBridge Investments
Climate Change Capital Group Ltd
CM-CIC Asset Management
Colonial First State Global Asset Management
Comerica Incorporated
Comgest
Commerzbank AG
CommInsure
Commonwealth Bank of Australia
Commonwealth Superannuation Corporation
Compton Foundation, Inc.
Concordia Versicherungs-Gesellschaft a.G.
Connecticut Retirement Plans and Trust Funds
Conser Invest
Co-operative Asset Management
Co-operative Financial Services (CFS)
Credit Suisse
Daegu Bank
Daesung Capital Management
Daiwa Asset Management Co. Ltd.
Daiwa Securities Group Inc.
Dalton Nicol Reid
Danske Bank A/S
de Pury Pictet Turrettini & Cie S.A.
DekaBank Deutsche Girozentrale
Delta Lloyd Asset Management
Desjardins Financial Security
Deutsche Asset Management Investmentgesellschaft mbH
Deutsche Bank AG
Deutsche Postbank AG
Development Bank of Japan Inc.
Development Bank of the Philippines (DBP)
Dexia Asset Management
Dexus Property Group
DLM INVISTA ASSET MANAGEMENT S/A
DNB ASA
Domini Social Investments LLC
Dongbu Insurance
Doughty Hanson & Co.
DWS Investments
DZ Bank
Earth Capital Partners LLP
East Sussex Pension Fund
Ecclesiastical Investment Management
Ecofi Investissements - Groupe Credit Cooperatif
Edward W. Hazen Foundation
EEA Group Ltd
Eko
Elan Capital Partners
Element Investment Managers
ELETRA - Fundação Celg de Seguros e Previdência
Environment Agency Active Pension fund
Epworth Investment Management
Equilibrium Capital Group
equinet Bank AG
Erik Penser Fondkommission
Erste Asset Management
Erste Group Bank AG
Essex Investment Management Company, LLC
ESSSuper
Ethos Foundation
Etica SGR
Eureka Funds Management
Eurizon Capital SGR S.p.A.
Evangelical Lutheran Church in Canada Pension Plan for Clergy and Lay Workers
Evangelical Lutheran Foundation of Eastern Canada
Evli Bank Plc
F&C Asset Management
FACEB – Fundação de Previdência dos Empregados da CEB
FAELCE – Fundacao Coelce de Seguridade Social
FAPERS- Fundação Assistencial e Previdenciária da Extensão Rural do Rio Grande do Sul
FASERN - Fundação COSERN de Previdência Complementar
Fédéris Gestion d'Actifs
FIDURA Capital Consult GmbH
FIM Asset Management Ltd
FIM Services
Financiere de l'Echiquier

Investor signatories continued

FIPECq - Fundação de Previdência Complementar dos Empregados e Servidores da FINEP, do IPEA, do CNPq
FIRA. - Banco de Mexico
First Affirmative Financial Network, LLC
First Commercial Bank
First State Investments
First State Superannuation Scheme
First Swedish National Pension Fund (AP1)
Firstrand Limited
Five Oceans Asset Management
Florida State Board of Administration (SBA)
Folketrygdfondet
Folksam
Fondaction CSN
Fondation de Luxembourg
Forma Futura Invest AG
Fourth Swedish National Pension Fund, (AP4)
FRANKFURT-TRUST Investment Gesellschaft mbH
Friends Fiduciary Corporation
Fubon Financial Holdings
Fukoku Capital Management Inc
FUNCEF - Fundação dos Economiários Federais
Fundação AMPLA de Seguridade Social - Brasiletros
Fundação Atlântico de Seguridade Social
Fundação Attilio Francisco Xavier Fontana
Fundação Banrisul de Seguridade Social
Fundação BRDE de Previdência Complementar - ISBRE
Fundação Chesf de Assistência e Seguridade Social – Fachesf
Fundação Corsan - dos Funcionários da Companhia Riograndense de Saneamento
Fundação de Assistência e Previdência Social do BNDES - FAPES
FUNDAÇÃO ELETROBRÁS DE SEGURIDADE SOCIAL - ELETROS
Fundação Forluminas de Seguridade Social - FORLUZ
Fundação Itaipu BR - de Previdência e Assistência Social
FUNDAÇÃO ITAUBANCO
Fundação Itaúsa Industrial
Fundação Promon de Previdência Social
Fundação Rede Ferroviaria de Seguridade Social – Refer
FUNDAÇÃO SANEPAR DE PREVIDÊNCIA E ASSISTÊNCIA SOCIAL - FUSAN
Fundação Sistel de Seguridade Social (Sistel)
Fundação Vale do Rio Doce de Seguridade Social - VALIA
FUNDIÁGUA - FUNDAÇÃO DE PREVIDENCIA COMPLEMENTAR DA CAESB
Futuregrowth Asset Management
GEAP Fundação de Seguridade Social
General Equity Group AG
Generali Deutschland Holding AG
Generation Investment Management
Genus Capital Management
German Equity Trust AG
Gjensidige Forsikring ASA
Global Forestry Capital S.a.r.l.
GLS Gemeinschaftsbank eG
Goldman Sachs Group Inc.
GOOD GROWTH INSTITUT für globale Vermögensentwicklung mbH
Governance for Owners
Government Employees Pension Fund (“GEPF”), Republic of South Africa
GPT Group
Greater Manchester Pension Fund
Green Cay Asset Management
Green Century Capital Management
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GROUPAMA SİGORTA A.Ş.
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Hazel Capital LLP
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Hermes Fund Managers
HESTA Super
HIP Investor
Holden & Partners
HSBC Global Asset Management (Deutschland) GmbH
HSBC Holdings plc
HSBC INKA Internationale Kapitalanlagegesellschaft mbH
Humanis
Hyundai Marine & Fire Insurance Co., Ltd.
Hyundai Securities Co., Ltd.
IBK Securities
IDBI Bank Ltd
IDFC Ltd
Illinois State Board of Investment
Ilmarinen Mutual Pension Insurance Company
Impax Group plc
Independent Planning Group
Indusind Bank
Industrial Alliance Insurance and Financial Services Inc.
Industrial Bank
Industrial Bank of Korea
Industrial Development Corporation
Industry Funds Management
Inflection Point Partners
ING Group
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Instituto Infraero de Seguridade Social - INFRAPREV
Instituto Sebrae De Seguridade Social - SEBRAEPREV
Insurance Australia Group
IntReal KAG
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Investing for Good
Irish Life Investment Managers
Itaú Asset Management
Itaú Unibanco Holding S.A.
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Jessie Smith Noyes Foundation
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JPMorgan Chase & Co.
Jubitz Family Foundation
Jupiter Asset Management
Kaiser Ritter Partner Privatbank AG (Schweiz)
KB Kookmin Bank
KBC Asset Management NV
KBC Group
KCPS and Company
KDB Asset Management Co., Ltd.
KDB Daewoo Securities Co. Ltd.
KEPLER-FONDS Kapitalanlagegesellschaft m. b. H.
KEVA
KeyCorp
KfW Bankengruppe
Killik & Co LLP
Kiwi Income Property Trust
Kleinwort Benson Investors
KlimaINVEST
KLP Insurance
Korea Investment Management
Korea Technology Finance Corporation
KPA Pension
La Banque Postale Asset Management
La Financiere Responsable
Lampe Asset Management GmbH
Landsorganisationen i Sverige
LaSalle Investment Management
LBBW - Landesbank Baden-Württemberg
LBBW Asset Management Investmentgesellschaft mbH
LD Lønmodtagernes Dyrtidsfond
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Merck Family Fund
Mercy Investment Services, Inc.
Mergence Investment Managers
MetallRente GmbH
Metrus – Instituto de Seguridade Social
Metzler Investment Gmbh
MFS Investment Management
Midas International Asset Management
Miller/Howard Investments
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Mirae Asset Securities
Mirvac Group
Missionary Oblates of Mary Immaculate
Mistra, Foundation for Strategic Environmental Research
Mitsubishi UFJ Financial Group, Inc.
Mitsui Sumitomo Insurance Co.,Ltd
Mizuho Financial Group, Inc.
Mn Services
Momentum Manager of Managers (Pty) Ltd
Monega Kapitalanlagegesellschaft mbH
Mongeral Aegon Seguros e Previdência S.A.
Morgan Stanley
Mountain Cleantech AG
MTAA Superannuation Fund
Mutual Insurance Company Pension-Fennia
Nanuk Asset Management
Natcan Investment Management
Nathan Cummings Foundation, The
National Australia Bank
National Bank of Canada
National Bank Of Greece
National Grid Electricity Group of the Electricity Supply Pension Scheme
National Grid UK Pension Scheme
National Pensions Reserve Fund of Ireland
National Union of Public and General Employees (NUPGE)
Nativus Sustainable Investments
Natixis SA
Natural Investments LLC
Nedbank Limited
Needmor Fund
Nelson Capital Management, LLC
Nest Sammelstiftung
Neuberger Berman
New Alternatives Fund Inc.
New Amsterdam Partners LLC
New Forests
New Mexico State Treasurer
New York City Employees Retirement System
New York City Teachers Retirement System
New York State Common Retirement Fund (NYSCRF)
Newton Investment Management Limited
NGS Super
NH-CA Asset Management
Nikko Asset Management Co., Ltd.
Nipponkoa Insurance Company, Ltd
Nissay Asset Management Corporation
NORD/LB Kapitalanlagegesellschaft AG
Nordea Bank
Norfolk Pension Fund
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North Carolina Retirement System

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Parnassus Investments
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Pensioenfonds Vervoer
Pension Denmark
Pension Fund for Danish Lawyers and Economists
Pension Protection Fund
Pensionsmyndigheten
Perpetual Investments
PETROS - Fundação Petrobras de Seguridade Social
PFA Pension
PGGM
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PhiTrust Active Investors
Pictet Asset Management SA
Pinstripe Management GmbH
Pioneer Investments
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PKA
Pluris Sustainable Investments SA
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Pohjola Asset Management Ltd
Polden Puckham Charitable Foundation
Portfolio 21 Investments
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PREVHAB PREVIDÊNCIA COMPLEMENTAR
PREVI Caixa de Previdência dos Funcionários do Banco do Brasil
PREVIG Sociedade de Previdência Complementar
Prologis
Provinzial Rheinland Holding
Prudential Investment Management
Prudential PLC
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PSP Investments
Q Capital Partners Co. Ltd
QBE Insurance Group
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Raiffeisen Fund Management Hungary Ltd.
Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Raiffeisen Schweiz
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RCM (Allianz Global Investors)
Real Grandeza Fundação de Previdência e Assistência Social
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Representative Body of the Church in Wales
Resolution
Resona Bank, Limited
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River Twice Capital Advisors, LLC
RLAM
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RobecoSAM AG
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Rockefeller Asset Management
Rose Foundation for Communities and the Environment
Rothschild
Royal Bank of Canada
Royal Bank of Scotland Group
RPMI Railpen Investments
RREEF Investment GmbH
Russell Investments
Sampension KP Livsforsikring A/S
Samsung Fire & Marine Insurance
Samsung Life Insurance
Samsung Securities
Sanlam
Santa Fé Portfolios Ltda
Santam Ltd
Sarasin & Partners
SAS Trustee Corporation
Sauren Finanzdienstleistungen GmbH & Co. KG
Schroders
Scottish Widows Investment Partnership
SEB Asset Management AG
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Seligson & Co Fund Management Plc
Sentinel Funds
SERPROS - Fundo Multipatrocinado
Service Employees International Union Benefit Funds
Servite Friars
Seventh Swedish National Pension Fund (AP7)
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Shinhan Bank
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Shinkin Asset Management Co., Ltd
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Sopher Investment Management
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SouthPeak Investment Management
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Sprucegrove Investment Management Ltd
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Standard Chartered Korea Limited
Standard Life Investments
State Bank of India
State Street Corporation
StatewideSuper
Stockland
Storebrand ASA
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Stratus Group
Sumitomo Mitsui Financial Group
Sumitomo Mitsui Trust Holdings, Inc.
Sun Life Financial Inc.
Superfund Asset Management GmbH
SUSI Partners AG
Sustainable Capital
Sustainable Development Capital LLP
Sustainable Insight Capital Management
Svenska Kyrkan, Church of Sweden
Svenska Kyrkans Pensionskassa
Swedbank
Swift Foundation
Swiss Re
Swisscanto Holding AG
Sycomore Asset Management
Syntrus Achmea Asset Management
T. Rowe Price
T.GARANTİ BANKASI A.Ş.
T.SINAİ KALKINMA BANKASI A.Ş.
Tata Capital Limited
TD Asset Management
Teachers Insurance and Annuity Association – College Retirement Equities Fund
Telluride Association
Tempis Capital Management Co., Ltd.
Terra Forvaltning AS
TerraVerde Capital Management LLC
TfL Pension Fund
The ASB Community Trust
The Brainerd Foundation
The Bullitt Foundation
The Central Church Fund of Finland
The Children's Investment Fund Foundation
The Clean Yield Group
The Collins Foundation
The Co-operators Group Limited
The Daly Foundation
The Environmental Investment Partnership LLP
The Hartford Financial Services Group, Inc.
The Joseph Rowntree Charitable Trust
The Korea Teachers Pension
The New School
The Oppenheimer Group
The Pension Plan For Employees of the Public Service Alliance of Canada
The Pinch Group
The Presbyterian Church in Canada
The Russell Family Foundation
The Sandy River Charitable Foundation
The Sisters of St. Ann
The Standard Bank Group
The Sustainability Group
The United Church of Canada - General Council
The University of Edinburgh Endowment Fund
The Wellcome Trust
Third Swedish National Pension Fund (AP3)
Threadneedle Asset Management
Tobam
Tokio Marine & Nichido Fire Insurance Co., Ltd.
Toronto Atmospheric Fund
Trillium Asset Management, LLC
Triodos Bank
Tri-State Coalition for Responsible Investment
Tryg
Turner Investments
UBS
Unibail-Rodamco
UniCredit
Union Asset Management Holding AG
Union di Banche Italiane S.c.p.a
Union Investment Privatfonds GmbH
Unionen
Unipension
UNISON staff pension scheme
UniSuper
Unitarian Universalist Association
United Methodist Church General Board of Pension and Health Benefits
United Nations Foundation
Unity Trust Bank
Universities Superannuation Scheme (USS)
Vancity Group of Companies
VCH Vermögensverwaltung AG
Ventas Inc
Veris Wealth Partners
Veritas Investment Trust GmbH
Vermont State Treasurer
Vexiom Capital, L.P.
VicSuper
Victorian Funds Management Corporation
VIETNAM HOLDING ASSET MANAGEMENT LTD.
Vinva Investment Management
Voigt & Collegen
VOLKSBANK INVESTMENTS
Waikato Community Trust
Walden Asset Management, a division of Boston Trust & Investment Management Company
WARBURG - HENDERSON Kapitalanlagegesellschaft für Immobilien mbH
WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH
Water Asset Management, LLC
Wells Fargo & Company
West Yorkshire Pension Fund
WestLB Mellon Asset Management (WMAM)
Westpac Banking Corporation
WHEB Asset Management
White Owl Capital AG
Woori Bank
Woori Investment & Securities
YES BANK Limited
York University Pension Fund
Youville Provident Fund Inc.
Zegora Investment Management
Zevin Asset Management
Zurich Cantonal Bank
Zurich Cantonal Bank

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The sole responsibility lies with the author and the Commission is not responsible for any use that may be made of the information contained therein.

Co-funded by the LIFE+ programme of the European Union

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