



**ECONOMIC FACULTY
ANDALAS UNIVERSITY**

THESIS

**A REVIEW OF THE RESPONSE RATES AND DISCLOSURE
CONTENTS TO CDP INFORMATION REQUEST:
A COMPARATIVE STUDY AMONG COUNTRIES**

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ABSTRACT

The purposes of this research are to find out the comparison of companies' response rates to Carbon Disclosure Project (CDP) information request, the contents of their disclosure, the factors influencing such rates, and relevancy between response rates and GHG emission disclosure rates in geographical based report by focusing on CDP 2008. This research is a descriptive and comparative study. The analysis of responses shows that the response rates among countries were not similar and so did the disclosure contents. There are some other considerations as factors influencing response rates rather than whether the countries ratified Kyoto Protocol or not. And most of responding companies in many countries were not complete in disclosing their data to answer CDP questionnaires especially about GHG emissions. This means that the responding companies just wanted to join CDP but did not provide high quality of information for investors in term of GHG emissions data. There are some challenges and opportunities related to CDP request in Indonesia. To be ready to respond to CDP request, companies in Indonesia can use GHG Protocol for emissions measurement and Climate Disclosure Standard Board (CDSB) for climate change disclosure. So, it is hoped, the quantity of responding companies increase as well as the quality of disclosure contents.

Keyword: Response rates, Disclosure contents, Kyoto Protocol, GHG emissions disclosure rates

CHAPTER I

INTRODUCTION

1.1 Background

Climate change is becoming a very hot issue around the world nowadays. The climate change issue has taken attention from many parties included climate scientists, investors, capital market, corporations, and other parties. The question then is who responsible for causing this problem? The corporations which are in their production cause the Greenhouse Gas (GHG) emission - included carbon dioxide, methane, nitrous oxide, sulphur hexafluoride, and two groups of gases (hydrofluorocarbons and perfluorocarbons) - have big contribution in the climate change beside other human activities. They need to measure and develop strategy to reduce GHG emission in order to reduce company risks. On the other hand, there are some companies that make climate change and climate change issue as an opportunity (gaining opportunity in the climate change risk).

Actually, awareness of climate change has become discussion in the mid of year 1980, called Intergovernmental Panel on Climate Change (IPCC). Then, in 1990 United Nation issued a framework named United Nation Framework Convention on Climate Change (UNFCCC). This framework was agreed by UN Conference in Rio de Janeiro, Brazil, in 1992 and come into action in March 21, 1994. The convention of UNFCCC was perfected through Kyoto Protocol in 1997 (entered into force on February 16, 2005) that was an international environmental treaty with the goal of achieving stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference

with the climate system. The Kyoto Protocol establishes legally binding commitment for the reduction of four greenhouse gases (carbon dioxide, methane, nitrous oxide, sulphur hexafluoride), and two groups of gases (hydrofluorocarbons and perfluorocarbons) produced by annex I or industrialized nations, as well as general commitments for all member countries. This action followed by Indonesia Summit in Bali 2007 which was the culmination of a process set in motion global deal in Copenhagen, Denmark in 2009. Copenhagen that meets in December this year is an important event as on its outcome depends the prospect of a new pact to replace the Kyoto Protocol which expires in 2012. Ideally, Copenhagen Protocol should kick off with a strong sense of confidence that countries can seal a comprehensive, ambitious, and effective international climate change with unprecedented sense of urgency to act on climate change. This protocol should help our world to maintain its sustainability.

But, in fact, both Kyoto Protocol and Copenhagen Protocol were not too gratifying since not all countries had strong commitment in agreeing to run this protocol. This meeting (political agreement) did not yield a legal force. The China vetoes this effort, so our desire for world sustainability still in questions. So, this issue is still a crucial and awful issue by many sides of parties.

Since this climate change issue has clear away and become attention of many parties, the companies should also be aware about this issue. Because of the climate change has relationship with companies or corporations, this issue is also meddling in accounting area. This issue becomes an accounting issue because such issue related to company should be disclosed by company because the

CHAPTER VI

CONCLUSION

6.1 Conclusion

Since climate change has become a hot issue in the world, some parties included climate scientists, investors, capital market and corporations give big attention to these topics. This issue becomes an accounting issue because such issue related to company should be disclosed by company because the disclosure can affect investor decision. Even, this is not only related to investor but all of company's stakeholders.

Extended disclosure in forums such as Carbon Disclosure Project (CDP) is useful today. CDP run the project in 21 geographical samples and 2 sector samples in 2008.

The author did descriptive and comparative study in this research in order to answer the problem questions with focus on CDP 2008 and analyzed only geographical samples (not included sector samples). The findings are:

1. The response rates amongst countries are not similar even though CDP had certain consideration in choosing and determining the samples based on market capitalization. The response rate in United Kingdom is the highest with FTSE 100 as the samples. Almost all companies answered CDP questionnaire. And the lowest is China with only 5% although some of China's companies already produce their own environmental report so they have already invested in the resources to gather this type of information.

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