Corporate carbon risk management and Financial Performance

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1. Introduction

The social and economic costs of climate change began to emerge from around, and in 2003, weather-related disasters cost $70 billion and a European heat wave killed more than 20,000 people. The number of natural disasters recorded by reinsurance companies reached a historical peak. More events occurring as a result of extreme weather is to be expected in the future. Thus, companies are likely to face increased pressure from financial market authorities, fiduciaries, company officers and accounting bodies to deal with climate risk factors.

The mainstream investment community has been brought to realize the financial implications of climate change, and analysts and fund managers are starting to see risks and opportunities gradually taking shape. Assessing climate change is now becoming part of smart financial management.

In this paper, a survey on the Japanese corporate carbon risk management will be conducted, and will be analyzed to clarify the availability of information regarding carbon disclosure projects for fund managers is effective, and also whether corporate responses towards global warming can be integrated into a company's indicator.

2. Method

First, a survey of the earlier research will be conducted. Then, what correlation and a causal relation among an environmental performance and a financial performance of an enterprise will be analyzed.

Second, a questionnaire survey of carbon risk management will be conducted, abiding the questionnaire table of the carbon Disclosure project. And the situations of carbon risk management by companies in Japan will be summarized.

Make aggressiveness point of carbon risk management, and analyze the correlation of aggressiveness point with brand equity and ROE as the stockholder. This correlation is analyzed through the regression analysis.

3. Result and discussion

The answer rate of the large scale emitters of CO_2 and final consumer goods maker was higher.
The correlation of aggressiveness point and ROE was not able to be seen. But correlation of aggressiveness point and brand equity was able to be seen.

4. Conclusion

There has been a lot of early researches that see environmental performance and a financial performance of a company has correlation.. But these researches do not clarify the mechanism of relationship of financial performance and environmental performance.

This research is not able to finding the correlation of ROE and environmental performance.. Thus it cannot be said that a well managed company on financial performance is investing in environmental measures.

Through this research, the rack resource theory was able to be denied, though the aspect where because the room property was able to be spent in environmental measures. It can have the brand value to the enterprise that accomplishes long-term growth, and the enterprise that conduct measurements have expectations as a anticipatory investment because it is generally high. However, because a financial performance is not good, the brand value is high.

Moreover, Global warming measures might have been stronger, and the utility of the carbon Disclosure project be better though it recurred with the eco management degree showing.