

CARBON DISCLOSURE PROJECT

News release

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MAJOR CORPORATIONS REQUEST CLARITY ON CLIMATE CHANGE REGULATION

**Carbon Disclosure Project Announces
Global 500 and S&P 500 Results**

Climate change Questionnaire draws largest response to date

Global corporations view climate change as a driver of risk and opportunity and have cited clear regulation as key to managing the impacts, in this year's findings from the Carbon Disclosure Project (CDP), which includes exclusive data from 1550 of the world's major companies on greenhouse gas emissions and climate change related strategies.

For Global 500 companies reporting to CDP, a backdrop of regulatory uncertainty is delaying strategic investment decisions and senior management are calling for greater visibility on climate change related policy in order to better anticipate the impact of regulation driven carbon markets and carbon prices.

Despite the uncertainty with regard to regulation the majority of global companies are acting to reduce their emissions. 74% of Global 500 companies reporting to CDP are now reporting emissions reduction targets, showing companies are increasingly taking climate change mitigation seriously.

The findings from CDP, which represents some 385 institutional investors with \$57 trillion in assets under management, also revealed the Utilities sector within the Global 500 to be the most transparent in their reporting of greenhouse gas emissions, with 93% responding to CDP. In contrast the Oil and Gas sector (an early adopter of carbon reporting) performed relatively poorly with a response rate of just 69%.

Carbon disclosure and climate change reporting is becoming critical for investors to fully assess their risks, liabilities and opportunities within their portfolios.

"We can see from 2008 responses to CDP a marked increase in levels of engagement from companies, with more companies reporting than ever before. With increased regulation on the horizon, investors are requiring this information to better understand the creditworthiness of companies in their portfolio and how climate change might affect their profitability" said Paul Dickinson, CEO of CDP

1550 company responses along with two analyst reports on the Global 500 and US S&P 500 companies produced by PricewaterhouseCoopers (PwC) will be launched at the New York headquarters of Merrill Lynch, one of CDP's global sponsors. The event will also feature a debate between Presidential Candidates Barack Obama and John McCain's Policy Advisors.

Global 500 Findings

The overall response rate among Global 500 (FTSE Global Equity Index Series) companies was maintained at 77% in 2008. European and North American companies set the pace among constituents of the 'Global 500' with response rates to CDP's annual Questionnaire of 83% and 82% respectively. This compares to a response rate of just 50% in respect of Asian companies in the Global 500. Out of the 383 companies that completed the Questionnaire, 58 companies (15%) were responding to CDP for the first time.

Business Risks and Opportunities

The majority of the 77% of Global 500 companies that reported to CDP cited regulation as a key risk factor. A background of regulatory uncertainty has, for many companies, translated into a 'wait and see' policy which, in turn, has served to delay strategic investment decisions.

Regulation is also perceived as a catalyst for opportunities to:

- Commercialize new products and services;
- Generate additional income from emissions reduction programs via carbon credits; and
- Invest in renewable energy projects.

The construction industry cites energy efficient buildings and energy upgrades as representing opportunities. The Technology, Media and Telecoms industry sees climate change bringing opportunities for travel substitution through teleconferencing and mobile devices to reduce greenhouse gas emissions.

Financial services firms recognize the long term impact climate change will have on the capital markets and cite the need to finance and invest in initiatives that could encourage ground-breaking changes in energy transmission and create a low carbon economy. They also consider reputation and the credit worthiness of investments in the portfolio as key risk areas.

Numerous sectors describe physical risk factors as material. The Manufacturing sector cites temperature changes, flooding, increased storm intensity, water shortages, spread of disease and change in local weather patterns as significant physical risks. Water supply was cited as a critical risk by the Raw Material, Mining, Paper and Packaging sector, as well as the Utilities sector, which also saw consumers becoming more aware of greenhouse gases due to rising fuel prices, which could lead to a decrease in demand.

Response rates across sectors varied and reveal that certain sectors are significantly better versed than others in disclosure practice and in the comprehension of what climate change means for their business.

Response rates across sectors ranged from:

- Utilities: 93%
- Retail and Consumer: 88%
- Chemicals and Pharmaceuticals: 84%
- Manufacturing: 77%
- Technology, Media and Telecoms: 75%
- Financial Services: 75%
- Transport and Logistics: 73%
- Raw Materials, Mining, Paper and Packaging: 72%

- Oil and Gas: 69%
- Construction & Building Products: 64%
- Hospitality Leisure and Business Services: 60%

Reduction Targets

The majority of companies (74%) reporting stated they had emissions reductions targets in place. Within Retail, more than 90% of companies report such targets, with 76% in Chemicals and Pharmaceuticals and 70% in Oil and Gas. Within the Technology, Media and Telecoms industry, 68% have reduction targets.

There are a wide range of plans for reducing emissions. The transport sector is focusing on investments in new technologies, changing travel patterns, energy efficiency and workforce education. The Utilities sector will invest further in renewables or low carbon fuel sources and improved efficiency of existing fossil fuelled plants. The Technology, Media and Telecoms sector aims to reduce business travel, energy use as well as the type of energy purchased, whilst the Hospitality, Leisure and Business Services Sector will primarily aim to reduce emissions at ship or hotel level.

Carbon Disclosure Leadership Index

PwC scored all responses based on climate change disclosure and governance practices. Global 500 companies with 'leading' disclosure practice are highlighted in the Carbon Disclosure Leadership Index (CDLI). The highest scoring companies in the CDLI include:

- BASF; Bayer (Chemicals and Pharmaceuticals);
- Exelon; Iberdrola; Scottish & Southern (Utilities);
- Nissan Motor (Manufacturing);
- Barclays; Merrill Lynch & Co., Inc; Munich Re; National Australia Bank (Financial Services) and
- EMC (Technology).

S&P 500 Findings

Out of the 500 US listed S&P constituent companies invited to complete CDP's Sixth Questionnaire, responses were received from 321 (64%) companies. This represents a year on year increase from 47% in 2006, through 56% in 2007. Increases in the number of responses and in the amount of detail contained in the responses from constituents of the S&P 500 is a signal that many US corporations are preparing for the possible introduction of new regulation under the next administration.

Climate change governance

A total of 248 companies (79%) reported that climate change risks require appropriate leadership. The number of companies that confirmed that a Director or executive-level officer has overall responsibility for climate change management rose to 204 (65%) compared with 141 (50%) responding companies last year. A total of 94 responding companies (30%) report some degree of linkage between employee incentives and goals related to climate change.

Action lags behind awareness

Although 254 companies (81% of respondents) perceive climate change as a risk, only 102 respondents (33%) have GHG emission reduction targets in place. This demonstrates that overall many US companies are still lagging behind their global

counterparts. The gap between acknowledgement of the risks posed by climate change and positive action designed to reduce emissions needs to be closed.

Carbon Disclosure Leadership Index

US companies were also graded and the top scorers within the US Carbon Disclosure leadership Index were:

- PPG Industries (Chemicals and Pharmaceuticals);
- Exelon (Utilities);
- Citigroup; Merrill Lynch & Co., Inc. (Financial Services);
- Cisco; EMC (Technology, Media and Telecoms); and
- Prologis (Hospitality, Leisure and Business Services).

Notes to Editors:

About CDP

The Carbon Disclosure Project, founded in 2000, represents some 385 global institutional investors, with more than \$57 trillion in assets under management. As an independent not-for-profit organization, CDP collects key climate change data from more than 1550 major corporations around the globe and has assembled the largest corporate greenhouse gas emissions database in the world. CDP also works with multinational organizations to facilitate the collection of climate change relevant data from their supply chain.

The Carbon Disclosure Project, a company limited by guarantee and registered in England (no. 05013650), is a Registered Charity (no. 1122330). CDP also enjoys 501(c)3 charitable status in the US as a special project of Rockefeller Philanthropy Advisors.

Global Launch: September 22, 2008; Merrill Lynch headquarters, New York

Company responses and the Global 500 and S&P 500 reports will be launched. Speakers will include Presidential surrogates Dan Esty (Democrat) and Doug Holtz-Eakin (Republican), Jack Ehnes, Chief Executive of the California State Teachers Retirement System (CalSTRS), James Mulva, Chief Executive of ConocoPhillips, Gregory J. Fleming, President and Chief Operating Officer of Merrill Lynch and Dennis Nally, Chairman of PricewaterhouseCoopers USA. Reports and company responses can be found at www.cdproject.net

Carbon Disclosure Leadership Index: 67 Global 500 companies feature in the Global CDLI showing distinction in their responses to the Carbon Disclosure Project Questionnaire based on their reporting of greenhouse gas emissions, associated risks and opportunities as well as emissions reduction targets. The Global CDLI includes the top 34 companies in the non carbon intensive sectors and the top 33 in the carbon intensive sectors.

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