

Carbon Disclosure Project Report 2007 Global FT500

On behalf of 315 investors with assets of \$41 trillion



Report written by

Innovest
Strategic Value Advisors

Innovest Strategic Value Advisors
Matthew Kiernan
+1 905 707 0876 x 204
mkiernan@innovestgroup.com

Carbon Disclosure Project (CDP)
www.cdproject.net
Paul Dickinson
+44 (0) 7958 772864
paul.dickinson@cdproject.net

Carbon Disclosure Project 2007

This report is based on the submissions of FT500 corporations in response to the fifth information request sent by the Carbon Disclosure Project (CDP5) on 1st February 2007. This summary report, the full report and all responses from corporations are available without charge from www.cdproject.net. The contents of this report may be used by anyone providing acknowledgment is given.

CDP Members 2007

In 2007, CDP launched a Membership option for signatories. CDP Membership allows signatories to have a leading role in the development of CDP and gives the ability to perform improved comparative analysis of company responses through the new online database. The following investors are CDP Members in 2007:

CARBON DISCLOSURE PROJECT
MEMBER 2007

ABN AMRO Bank N.V.
Netherlands

ABP Investments **Netherlands**

AIG Investments **U.S.**

ASN Bank **Netherlands**

AXA Group **France**

BlackRock **U.S.**

BNP Paribas Asset
Management
(BNP PAM) **France**

BP Investment Management
Limited **UK**

Caisse de Dépôts et Placements
du Québec **Canada**

Caisse des Dépôts **France**

California Public Employees
Retirement System **U.S.**

California State Teachers
Retirement System **U.S.**

Calvert Group **U.S.**

Canada Pension Plan
Investment Board **Canada**

Catholic Super **Australia**

Ethos Foundation **Switzerland**

Folksam **Sweden**

Generation Investment
Management **UK**

Hermes Investment
Management **UK**

HSBC Holdings plc **UK**

KLP Insurance **Norway**

London Pensions Fund
Authority **UK**

Merrill Lynch **U.S.**

Morgan Stanley **U.S.**

Morley Fund Management **UK**

Neuberger Berman **U.S.**

Newton Investment
Management Limited **UK**

Pictet Asset Management
Switzerland

Rabobank **Netherlands**

Robeco **Netherlands**

SAM Group **Switzerland**

Signet Capital Management Ltd
UK

Sompo Japan Insurance Inc.
Japan

Swiss Reinsurance Company
Switzerland

The Ethical Funds Company
Canada

The RBS Group **UK**

Zurich Cantonal Bank
Switzerland

CDP Signatories 2007

315 investors were signatories to the CDP5 information request dated 1st February 2007 including:

Aachener Grundvermögen
Kapitalanlagegesellschaft mbH **Germany**

Aberdeen Asset Managers **UK**

ABN AMRO Bank N.V. **Netherlands**

ABP Investments **Netherlands**

ABRAPP – Associação Brasileira das
Entidades Fechadas de Previdência
Complementar **Brazil**

Acuity Investment Management Inc
Canada

Aegon N.V. **Netherlands**

Aeneas Capital Advisors **U.S.**

AIG Investments **U.S.**

Alcyone Finance **France**

Allianz Group **Germany**

AMP Capital Investors **Australia**

AmegaGerling Investment GmbH
Germany

ANBID – National Association
of Brazilian Investment Banks **Brazil**

ASN Bank **Netherlands**

Astra Investimentos Ltda **Brazil**

Australia and New Zealand Banking
Group Limited **Australia**

Australian Ethical Investment Limited
Australia

Australian Reward Investment Alliance
(ARIA) **Australia**

Aviva plc **UK**

AXA Group **France**

Baillie Gifford & Co. **UK**

Banco Bradesco S.A. **Brazil**

Banco do Brazil **Brazil**

Banco Fonder **Sweden**

Banco Pine S.A. **Brazil**

Bank Sarasin & Co, Ltd **Switzerland**

Barclays Group **UK**

BayernInvest Kapitalanlagegesellschaft
mbH **Germany**

BBC Pension Trust Ltd **UK**

Beutel Goodman and Co. Ltd **Canada**

BlackRock **U.S.**

BMO Financial Group **Canada**

BNP Paribas Asset Management
(BNP PAM) **France**

Boston Common Asset
Management, LLC **U.S.**

BP Investment Management Limited **UK**

Brasilprev Seguros e Previdência S.A.
Brazil

British Coal Staff Superannuation Scheme
UK

British Columbia Investment Management
Corporation (bcIMC) **Canada**

BT Financial Group **Australia**

BVI Bundesverband Investment
und Asset Management e.V.
Germany

CAAT Pension Plan **Canada**

Caisse de Dépôts et Placements du
Québec **Canada**

Caisse des Dépôts **France**

Caixa Econômica Federal **Brazil**

California Public Employees Retirement
System **U.S.**

California State Teachers
Retirement System **U.S.**

California State Treasurer **U.S.**

Calvert Group **U.S.**

Canada Pension Plan Investment Board
Canada

Canadian Friends Service Committee
Canada

Carlson Investment Management **Sweden**

Carmignac Gestion **France**

Catholic Super **Australia**

CCLA Investment Management Ltd **UK**

Central Finance Board of the
Methodist Church **UK**

Ceres **U.S.**

CERES-Fundação de Seguridade Social
Brazil

Cheyne Capital Management (UK) LLP **UK**

Christian Super **Australia**

CI Mutual Funds Signature
Funds Group **Canada**

CIBC **Canada**

Citizens Advisers Inc **U.S.**

ClearBridge Advisers Social Awareness
Investment **U.S.**

Close Brothers Group plc **UK**

Comité syndical national
de retraite Bâtirente **Canada**

Commerzbank AG **Germany**

Connecticut Retirement Plans
and Trust Funds **U.S.**

Co-operative Insurance Society **UK**

Credit Agricole Asset Management
France

Credit Suisse **Switzerland**

Daegu Bank **South Korea**

Daiwa Securities Group Inc. **Japan**

Deka FundMaster Investmentgesellschaft
mbH **Germany**

Deka Investment GmbH **Germany**

DekaBank Deutsche Girozentrale
Germany

Delta Lloyd Investment
Managers GmbH **Germany**

Deutsche Bank **Germany**

Deutsche Postbank Privat Investment
Kapitalanlagegesellschaft mbH **Germany**

Development Bank of Japan **Japan**

Development Bank of the Philippines
(DBP) **Philippines**

Dexia Asset Management **France**

DnB NOR **Norway**

Domini Social Investments LLC **U.S.**

DPG Deutsche Performancemessungs-
Gesellschaft für Wertpapierportfolio mbH
Germany

DWS Investment GmbH **Germany**

Environment Agency Active
Pension Fund **UK**

Epworth Investment Management **UK**

Erste Bank der Oesterreichischen
Sparkassen AG **Austria**

Ethos Foundation **Switzerland**

Eureko B.V. **Netherlands**

Eurizon Capital SGR **Italy**

Evli Asset Management **Finland**

F&C Asset Management **UK**

FAELCE – Fundação Coelce de
Seguridade Social **Brazil**

FAPES – Fundação de Assistência e
Previdencia Social do BNDES **Brazil**

Fédérés Gestion d'Actifs **France**

FIPECq – Fundação de Previdência
Complementar dos Empregados e
Servidores **Brazil**

First Affirmative Financial Network, LLC
U.S.

First Swedish National Pension Fund
(AP1) **Sweden**

FirstRand Ltd. **South Africa**

Five Oceans Asset Management Pty
Limited **Australia**

Folksam Sweden	Hermes Investment Management UK	Meritas Mutual Funds Canada
Fondaction Canada	HESTA Super Australia	Merrill Lynch U.S.
Fonds de Réserve pour les Retraites – FRR France	Hospitals of Ontario Pension Plan (HOOPP) Canada	Metzler Investment Gmbh Germany
Fortis Investments Belgium	HSBC Holdings plc UK	Midas International Asset Management South Korea
Fourth Swedish National Pension Fund, (AP4) Sweden	I.DE.A.M – Integral Développement Asset Management France	Mitsubishi UFJ Financial Group (MUFG) Japan
Frankfurt Trust Investment-Gesellschaft mbH Germany	Ilmarinen Mutual Pension Insurance Company Finland	Mitsui Sumitomo Insurance Co Ltd Japan
Frankfurter Service Kapitalanlage-Gesellschaft mbH Germany	Indexchange Investment AG Germany	Mizuho Financial Group, Inc. Japan
Franklin Templeton Investment Services GmbH Germany	Industry Funds Management Australia	Monte Paschi Asset Management S.G.R. – S.p.A Italy
Frater Asset Management South Africa	ING Investment Management Europe Netherlands	Morgan Stanley Investment Management U.S.
FUNCEF Brazil	Inhance Investment Management Inc Canada	Morley Fund Management UK
Fundação Assistencial e Previdenciária da Extensão Rural no Rio Grande do Sul-FAPERS Brazil	Insight Investment Management (Global) Ltd UK	Münchener Kapitalanlage AG Germany
Fundação Atlântico de Seguridade Social Brazil	Instituto Infraero de Seguridade Social – INFRAPREV Brazil	Munich Re Group Germany
Fundação Banrisul de Seguridade Social Brazil	Instituto Sebrae De Seguridade Social – SEBRAEPREV Brazil	National Australia Bank Limited Australia
Fundação CESP Brazil	Interfaith Center on Corporate Responsibility U.S.	National Bank of Kuwait Kuwait
Fundação Codesc de Seguridade Social Brazil	Internationale Kapitalanlagegesellschaft mbH Germany	National Pensions Reserve Fund of Ireland Ireland
Fundação Copel de Previdência e Assistência Social Brazil	Jarislowsky Fraser Limited Canada	Natixis France
Fundação Corsan – dos Funcionários da Companhia Riograndense de Saneamento Brazil	Jupiter Asset Management UK	Nedbank Group South Africa
Fundação Real Grandeza Brazil	KBC Asset Management NV Belgium	Needmor Fund U.S.
Fundação Rede Ferroviária de Seguridade Social – Refer Brazil	KLP Insurance Norway	Neuberger Berman U.S.
Fundação São Francisco de Seguridade Social Brazil	KPA AB Sweden	New York City Employees Retirement System U.S.
Fundação Vale do Rio Doce de Seguridade Social – VALIA Brazil	La Banque Postale AM France	New York City Teachers Retirement System U.S.
Gartmore Investment Management plc UK	LBBW – Landesbank Baden-Württemberg Germany	New York State Common Retirement Fund U.S.
Generation Investment Management UK	Legal & General Group plc UK	Newton Investment Management Limited UK
Genus Capital Management Canada	Libra Fund U.S.	NFU Mutual Insurance Society UK
Gjensidige Forsikring Norway	Light Green Advisors, LLC U.S.	Nikko Asset Management Co., Ltd. Japan
Goldman Sachs & Co. U.S.	Local Authority Pension Fund Forum UK	Norinchukin Zenkyouren Asset Management Co., Ltd Japan
Green Century Capital Management U.S.	Local Government Superannuation Scheme Australia	Northern Trust U.S.
Green Kay Asset Management UK	Lombard Odier Darier Hentsch & Cie Switzerland	Old Mutual plc UK
Groupe Investissement Responsable Inc. Canada	London Pensions Fund Authority UK	Ontario Municipal Employees Retirement System (OMERS) Canada
Guardians of New Zealand Superannuation New Zealand	Macif Gestion France	Ontario Teachers Pension Plan Canada
Hastings Funds Management Limited Australia	Maine State Treasurer U.S.	Opplysningsvesenets fond (The Norwegian Church Endowment) Norway
Helaba Invest Kapitalanlagegesellschaft mbH Germany	Man Group plc UK	Oregon State Treasurer U.S.
Henderson Global Investors UK	Maryland State Treasurer U.S.	Orion Energy Systems, Ltd U.S.
	Meag Munich Ergo Kapitalanlagegesellschaft mbH Germany	Pax World Funds U.S.
	Meeschaert Asset Management France	Pension Plan for Clergy and Lay Workers of the Evangelical Lutheran Church in Canada Canada
	Meiji Yasuda Life Insurance Company Japan	PETROS – The Fundação Petrobras de Seguridade Social Brazil
		PGGM Netherlands

Phillips, Hager & North Investment Management Ltd. Canada	Sierra Club Mutual Funds U.S.	Third Swedish National Pension Fund (AP3) Sweden
PhiTrust Active Investors France	Signal Iduna Gruppe Germany	Threadneedle Asset Management UK
Pictet Asset Management Switzerland	Signet Capital Management Ltd UK	Tokio Marine & Nichido Fire Insurance Co., Ltd. Japan
Pioneer Investments	SNS Asset Management Netherlands	Trillium Asset Management Corporation U.S.
Kapitalanlagegesellschaft mbH Germany	Société Générale France	Triodos Bank Netherlands
Portfolio 21 and Progressive Investment Management U.S.	Société Générale Asset Management UK	Tri-State Coalition for Responsible Investing U.S.
Portfolio Partners Australia	Sompo Japan Insurance Inc. Japan	UBS AG Switzerland
Prado Epargne France	Standard Chartered PLC UK	Unibanco Asset Management Brazil
PREVI Caixa de Previdência dos Funcionários do Banco do Brasil Brazil	Standard Life Investments UK	UniCredit Group Italy
Prudential Plc UK	State Street Corporation U.S.	Union Asset Management Holding Germany
PSP Investments Canada	State Treasurer of North Carolina U.S.	Unitarian Universalist Association U.S.
Rabobank Netherlands	Storebrand Investments Norway	United Methodist Church General Board of Pension and Health Benefits U.S.
Railpen Investments UK	Stratus Banco de Negócios Brazil	Universal Investment Gesellschaft mbH Germany
Rathbone Investment Management / Rathbone Greenbank Investments UK	Sumitomo Mitsui Financial Group Japan	Universities Superannuation Scheme (USS) UK
Reynders McVeigh Capital Management U.S.	Sumitomo Trust & Banking Japan	Vancity Group of Companies Canada
RLAM UK	Superfund Asset Management GmbH Germany	Vermont State Treasurer U.S.
Robeco Netherlands	Swedbank Sweden	VicSuper Proprietary Limited Australia
Rock Crest Capital LLC U.S.	Swiss Reinsurance Company Switzerland	Vital Forsikring ASA Norway
Royal Bank of Canada Canada	Swisscanto Switzerland	Wachovia Corporation U.S.
SAM Group Switzerland	TD Asset Management Inc. and TD Asset Management USA Inc. Canada	Walden Asset Management, a division of Boston Trust and Investment Management Company U.S.
Samsung Investment Trust Management Co., Ltd. South Korea	Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) U.S.	Warburg-Henderson Kapitalanlagegesellschaft mbH Germany
Sanlam Investment Management South Africa	Terra Kapitalforvaltning ASA Norway	West Yorkshire Pension Fund UK
Sauren Finanzdienstleistungen GmbH & Co. KG Germany	TfL Pension Fund UK	WestLB Mellon Asset Management (WMAM) Germany
Savings & Loans Credit Union (S.A.) Limited. Australia	The Bullitt Foundation U.S.	Winslow Management Company U.S.
Schroders UK	The Central Church Fund of Finland Finland	YES BANK Limited India
Scotiabank Canada	The Collins Foundation U.S.	York University Pension Fund Canada
Scottish Widows Investment Partnership UK	The Co-operative Bank UK	Zurich Cantonal Bank Switzerland
SEB Asset Management AG Germany	The Co-operators Group Ltd Canada	
Second Swedish National Pension Fund (AP2) Sweden	The Daly Foundation Canada	
Seligson & Co Fund Management Plc Finland	The Dreyfus Corporation U.S.	
Service Employees International Union U.S.	The Ethical Funds Company Canada	
Seventh Swedish National Pension Fund (AP7) Sweden	The Local Government Pensions Institution (LGPI)(keva) Finland	
Shinhan Bank South Korea	The RBS Group UK	
Shinkin Asset Management Co., Ltd Japan	The Russell Family Foundation U.S.	
Shinsei Bank Japan	The Shiga Bank, Ltd (Japan) Japan	
Siemens Kapitalanlagegesellschaft mbH Germany	The Standard Bank Group Limited South Africa	
	The Travelers Companies, Inc. U.S.	
	The United Church of Canada – General Council Canada	
	The Wellcome Trust UK	

Undertaken on behalf of 315 institutional investors, representing over USD 41 trillion of assets under management, the fifth iteration of the Carbon Disclosure Project (CDP5) in 2007 provides investors with a unique analysis of how the world's largest companies are responding to climate change. This report summarizes key trends identified in the FT500 companies' responses to the CDP5 questionnaire. Furthermore, this analysis demonstrates the commercial risks and opportunities that climate change presents to the 500 largest publicly traded companies in the world by market capitalization. Finally, CDP5 proves through increased support and the improved quality of responses that the private sector is actively engaged in addressing the global challenges presented by climate change.

The following section provides a summary of key findings from the CDP5 FT500¹ responses.

Executive Summary

The CDP5 Questionnaire

As global understanding of climate change and the associated risks and opportunities continues to develop, investors are increasingly demanding more advanced corporate disclosure on carbon performance. This year's CDP questionnaire has evolved to reflect this sophistication and the resulting responses and analysis provides investors with a unique understanding of how FT500 companies are responding to climate change. The information requested focuses on the following four primary areas: Climate Change Risks; Opportunities and Strategy; Greenhouse Gas Emissions Accounting; Greenhouse Gas Emissions Management; and Climate Change Governance.

Disclosure Trends

- **CDP5 generates highest ever response rate.** 77% (383)² of the FT500 answered the CDP questionnaire, compared to 72% in CDP4, 71% in CDP3, 59% in CDP2, and 47% in CDP1.
- **Gap between climate awareness and action continues to narrow.** An analysis of FT500 responses reveals that 95% of companies that consider climate change to present a commercial risk have implemented a greenhouse gas (GHG) reduction program with a specific target and timeline. In sum, 76% (n=286) of responding companies reported implementing a GHG emissions reduction initiative compared to 48% in CDP4. This trend suggests that a majority of firms recognize the financial and reputational benefits of improved carbon performance.

- **Section 'B' of the CDP5 questionnaire yields strong response rate.**³ For the first time since the launch of CDP, the CDP5 questionnaire established separate disclosure requests for companies in low-carbon and carbon-intensive sectors.⁴

All companies were asked to answer questions in Section 'A' and companies in carbon-intensive sectors were asked to respond to Section 'B'. Although 198 firms were classified as carbon-intensive, 202 firms responded to Section 'B' of the questionnaire. In sum, 67 low-carbon firms answered Section 'B', indicating that climate change is viewed as a strategic issue by both carbon-intensive and low-carbon companies.

- **Europe leads with highest regional response rate.** Once again, Europe-based firms had the highest response rate with 83%. However, North America-based firms demonstrated significant improvement with a CDP5 response rate of 74%, compared to 66% in CDP4. South America-based firms also increased their response rate to 60% in CDP5 from 50% in CDP4.
- **Carbon-intensive sectors lead with higher disclosure rate.** Carbon-intensive sectors had an average response rate of 75% compared to low-carbon sectors which had an average response rate of 69%. Examples of both carbon-intensive and low-carbon sectors that experienced significant improvements in response rates from CDP4 include: Oil & Gas Exploration & Production (54% improvement); Food & Drug Retailing (42%); Movies & Entertainment (40%); and Food Products (30%).

"Sustainability issues have increased in importance with investors. The CDP supports AIG Investments' efforts to assess and analyze trends in risks and opportunities associated with climate change and its mitigation. Climate change continues to be a major financial and investment concern for us and our clients."

Win J Neuger,
CEO, AIG Investments

AIG Investments

76% of responding companies reported implementing a GHG emissions reduction initiative compared to 48% in CDP4.

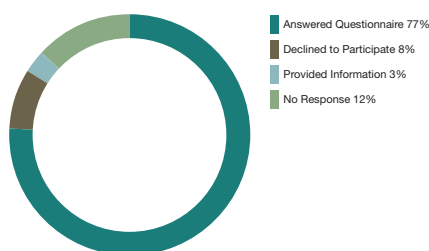
¹ FT500 = the largest 500 companies globally by market capitalization, as published by the Financial Times.

² Although 383 (77%) FT500 companies responded to the CDP5 questionnaire, the analysis and calculations throughout this report are based on the 378 (76%) responses that were submitted before 27th July, 2007, unless otherwise noted.

³ See Appendix II for the complete CDP5 questionnaire and a more thorough explanation of Section 'B'.

⁴ A proprietary carbon risk model was used to analyze the net carbon intensity of all industry sectors represented in the FT500. On the basis of this analysis, sectors were determined to be either carbon-intensive or low-carbon. A list of sector classifications can be found in Appendix IV of the online version of this report.

FT500 Response Rates for CDP5



Approximately 34% (n=128) of responding companies reported purchasing a percentage of their energy from renewable sources.

Overall, this year's responses indicate a greater understanding of and attention to the complex issues surrounding climate change.

"Climate change creates significant costs for the financial industry. In the interest of our clients and shareholders we are obligated to take these risks into account when making decisions on insurance underwriting, investments or lending credit."

Joachim Faber,
**Allianz SE Board Member
and CEO of Allianz
Global Investors.**

- **Strategic opportunities accompany climate risks.** 82% of responding companies consider climate change to present commercial opportunities for both existing and new products and services. 79% of responding companies consider climate change to present commercial risks.

- **Increased FT500 involvement in renewable energy and energy efficiency.** Approximately 34% (n=128) of responding companies reported purchasing a percentage of their energy from renewable sources. In addition, FT500 companies demonstrated strong involvement in renewable energy development and energy efficiency initiatives.

- **Improvements in carbon accounting and response quality.** Overall, this year's responses indicate a greater understanding of, and attention to, the complex issues surrounding climate change. This continuing trend has been driven by the increased sophistication of the CDP5 questionnaire and provides investors with more useful data. Responses are also more suitable for comparison as more firms are using standardized carbon accounting methods such as the GHG Protocol recommended by CDP.

- **Substantial number of companies remain behind the curve.** Despite the record response rate this year, there are still a number of FT500 companies that are disregarding shareholder requests for disclosure. 12% (n=62) of corporations failed to respond to CDP in any form and 8% (n=38) declined to participate.

- **Climate change is yet to achieve top-tier management status.** Despite significant risk exposure, only 64% of responding carbon-intensive companies have allocated board-level or upper management responsibility for climate change. This indicates that improved climate awareness does not mean that climate change has been given the necessary management attention in carbon-intensive companies.

Financial Implications

- **EU ETS creates more winners than losers.** Of the 61 FT500 companies that disclosed their positions with respect to carbon allocations under the European Union Emissions Trading Scheme (EU ETS), only 21% reported a shortfall. In sum, responding firms reported a 39,424,314 surplus in EU ETS credits, worth an estimated USD 11.9 million.⁵ The unexpected misallocation of credits demonstrates that investors who better understand relevant regulatory schemes will be better able to assess companies' carbon risk exposure, and their ability to generate additional profits.

- **Reported energy costs continue to rise.** 50% (n=102) of the FT500 companies responding to Section 'B' of the CDP5 questionnaire reported their energy costs. These 102 firms disclosed spending over USD 128 billion on energy in 2006, compared to the 129 companies that reported expenditures of USD 116 billion in CDP4. Data reported to the CDP will help investors determine which companies are better positioned to mitigate the financial implications of increases in global energy costs.

- **Wide variations in risks and opportunities underline the importance of the CDP.** An analysis of FT500 responses indicates that significant variations in carbon risks and opportunities exist within and across sectors. Primary risks stem from companies' exposure to regulatory regimes, while upside opportunities generally involve the development of new products and services. The apparent discrepancies between industry peers points to the need for investors to recognize the strategies companies are undertaking to minimize risks and capitalize on opportunities.

- **Costs of compliance for GHG regulations remain uncertain.** As different carbon regulatory regimes continue to develop across the globe, it is increasingly difficult to assess the costs of compliance for FT500 companies. This fact is evidenced by the lack of certainty that characterizes a majority of the FT500 companies' responses with respect to regulatory risks.

⁵ The value calculated is based on the Phase I EUA price of USD 0.30, which was current at the time of writing. It is worth noting however that the price was significantly higher earlier in phase 1, therefore some firms may have realised a greater return from their surplus.

Emissions Trends

- **North America leads considerable growth in emissions disclosure.** 79% of respondents provided emissions data. This is compared to 73% in CDP4 and 77% in CDP3. Although all regions except Oceania experienced an improvement in emissions disclosure rates, a significant percentage of the overall growth can be attributed to North America's 11% increase compared to CDP4.

- **Improved GHG accounting leads to increase in reported emissions.** Total GHG emissions reported to CDP5 were 6,977,346,712 tonnes of CO₂e.⁶ This represents 14% of all global GHG emissions attributed to human activity and a 109% increase from CDP4.⁷ This trend is in part due to improved disclosure and the work of CDP. More advanced reporting is evidenced by the fact that a significant percentage of the reported growth can be attributed to greater Scope 3 emissions accounting on the part of several carbon-intensive firms.⁸ In CDP5, Scope 3 emissions accounted for 52% of total reported emissions compared to 16% in CDP4. The increase in reported emissions can also be attributed to genuine increases in emissions from previously reported sources.

- **Four sectors account for 70% of reported Scope 1 and 2 emissions.⁹** The Integrated Oil & Gas; Electric Utilities – International; Electric Power Companies – N. America; and Metals & Mining and Steel sectors reported combined Scope 1 and 2 emissions of 2,306,144,750 tonnes of CO₂e. Despite an overall increase in reported emissions from these carbon-intensive sectors, individual firms have demonstrated noticeable improvements in emissions intensity compared to 2001 levels.
- **Tremendous growth in Scope 3 reporting.** FT500 companies reported 3,632,850,676 tonnes of Scope 3 emissions which accounts for more than 50% of the total reported emissions, and represents a dramatic increase from 667,713,345 tonnes in CDP4.
- **Increased disclosure of non-Annex B emissions.** Nearly half (44%) of the GHG emissions reported to CDP5 are being released in Annex B¹⁰ countries of the Kyoto Protocol compared to 62% in CDP4. This trend suggests improved carbon accounting in regions that have historically been less exposed to regulation.

79% of respondents provided emissions data.

Total GHG emissions reported to CDP5 were 6,977,346,712 tonnes of CO₂e.

FT500 companies reported 3,632,850,676 tonnes of Scope 3 emissions which accounts for more than 50% of the total reported emissions.

Total Reported Emissions Through CDP



⁶ CO₂e= carbon dioxide equivalent.

⁷ Using a 2004 figure for global anthropogenic GHGs of 49,000,000,000 metric tons CO₂ equivalent from: IPCC, 2007. *Climate change 2007: Mitigation. Contribution of Working group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* [B. Metz, O. R. Davidson, P. R. Bosch, R. Dave, L. A. Meyer (eds)], Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.

⁸ Under the WRI/WBSCD GHG Protocol, Scope 3 emissions include other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, product use and disposal, supply chain, etc.

⁹ Under the WRI/WBSCD GHG Protocol, Scope 1 emissions refer to "direct" emissions resulting from fuel combustion and manufacturing activities. Scope 2 emissions refer to "indirect" emissions resulting from the generation of electricity purchased off the grid. Scope 1 and 2 emissions were combined in an effort to provide the most comprehensive and accurate assessment of each company's carbon footprint.

¹⁰ Annex B countries are those countries that face mandatory GHG reduction obligations under the Kyoto Protocol. Two Annex B countries – the United States and Australia – have not ratified the Kyoto Protocol and therefore do not face any emissions obligations under the agreement at this time.

In 2006, global investment in sustainable energy reached USD 70.9 billion.

Approximately 1.6 billion tonnes of CO₂e, worth USD 29 billion, were traded in 2006.

Climate Change Developments

The 12 months since the release of CDP4 provided another unprecedented year for the investor, consumer, regulatory, and scientific drivers that will help to determine the competitive positioning of FT500 companies with respect to climate change. Some of the past year's key developments include:

- Renewable energy market continues rapid growth.** In 2006, global investment in sustainable energy reached USD 70.9 billion, an increase of 43% from 2005.¹¹ In addition, market revenues for the four benchmark technologies – solar photovoltaics, wind power, biofuels, and fuel cells – are forecasted to increase to USD 226 billion by 2016.¹²
- Investor collaboration surpasses previous marks.** Record levels of shareholder resolutions regarding climate change demonstrate increasing interest in company-specific disclosure. This trend is also evident in institutional investors, as CDP is now supported by 315 investors with collective assets under management of USD 41 trillion, an increase from 225 investors with USD 31.5 trillion last year, 155 investors with USD 21 trillion in 2005, USD 10 trillion in 2004, and USD 4.5 trillion in 2003.
- Climate change emerges as a key issue in global politics.** Over the last 12 months climate change received an unprecedented level of attention in local, regional, national, and global politics. At the World Economic Forum in January 2007, climate change was chosen as the shift most likely to affect the world in the future. Significant developments were evident in recent progress towards national and regional GHG reduction schemes in Australia and the US, and efforts to develop post-Kyoto targets in the EU.
- Carbon-intensive firms unite in favor of carbon regulation.** In the past 12 months, several US-based firms in carbon-intensive industries have developed coalitions, such as the United States Climate Action Partnership (US
 - CAP), to pressure the federal government to develop mandatory legislation on GHG emissions. Founding members of US CAP include: **Duke Energy, Dow Chemical, Caterpillar, and ConocoPhillips.**
- Climate science gains widespread acceptance.** In 2007, the Intergovernmental Panel on Climate Change (IPCC) released its 'Fourth Assessment Report' (AR4). The AR4 provides the strongest statement on the extent and cause of climate change to date, and represents the most comprehensive synthesis of climate change science with contributions from experts from over 130 countries and more than 450 lead authors over six years.
- Financial institutions react to climate change.** Several firms, including **Citigroup, HSBC, and Bank of America,** have developed climate related initiatives in the past 12 months. In addition, companies including **UBS, JP Morgan, ABN Amro and Merrill Lynch** have issued equity research reports analyzing the risks and opportunities associated with climate change.
- Carbon markets continue to expand.** Despite surplus carbon credits under the European Union Emissions Trading Scheme (EU ETS), global carbon markets demonstrated significant growth in 2006. Approximately 1.6 billion tonnes of CO₂e, worth USD 29 billion, were traded in 2006. This represents a 100% increase in volume compared to 2005 when 799 million tonnes of CO₂e, worth USD 12.5 billion, were traded. This trend is expected to continue for 2007, and the volume could reach 2.4 billion tonnes CO₂e, worth USD 31 billion in 2007.¹³
- Economic case for action becomes more compelling.** In October 2006, the UK government Stern Review was published to wide international acclaim. Nobel Prize winning economist Amartya Sen commented: "The stark prospects of climate change and its mounting economic and human costs are clearly brought out in this searching investigation. What is particularly

¹¹ See <http://www.sefi.unep.org>

¹² See <http://www.cleandedge.com/reports/trends2006.pdf>

¹³ See www.pointcarbon.com/.../fileelement_103925/13_March_2007_EU_ETS_now_significantly_reducing_emissions.pdf

striking is the identification of ways and means of sharply minimizing these penalties through acting right now, rather than waiting for our lives to be overrun by rapidly advancing adversities. The world would be foolish to neglect this strong but strictly time-bound practical message.”

- **Legal developments push US closer to carbon regulation.** A recent United States Supreme Court decision in the case of *Massachusetts v. Environmental Protection Agency (EPA)* ruled that EPA has the authority to regulate the emission of CO₂ and other greenhouse gases from cars under the US Clean Air Act. The court’s decision will likely open the door for the national regulation of GHGs beyond the transportation sector, and could therefore have significant impact on sectors, including **Electric Power Companies – N. America, Integrated Oil & Gas, Metals & Mining, Chemicals, and Multi-Utilities & Unregulated Power.**

- **Extreme weather events persist.** Although it remains difficult to determine with certainty the relationship between climate change and isolated weather events, scientists have determined that the anthropogenic release of GHGs is likely linked to the increased frequency of heatwaves, storms, and floods. Meanwhile, the 12 months since the release of CDP4 have witnessed a number of extreme weather events that have caused loss of life and significant economic damage. Furthermore, recent studies suggest that human-induced climate and hydrologic change could force hundreds of millions of people to relocate over the next few decades.¹⁴

Conclusion

An analysis of CDP5 responses indicates that FT500 companies have made significant progress in understanding and disclosing their positions relative to the risks and opportunities associated with climate change. This is evident through an examination of the strategies and management capacity that firms have developed in recent years to reduce potentially negative financial implications and improve competitive positions with respect to climate change. As companies continue to manage risk and improve business models to address climate change, investors are likely to see improvements in financial performance.

One of the most encouraging findings of CDP5 is that the gap between awareness and action appears to be narrowing significantly among responding FT500 companies. However, with only a few notable exceptions, the gap noted in CDP4 on the investor side between awareness and action seems to be as large as ever. The objective of the CDP since its inception has been to increase awareness and provide investor-relevant information about climate change to enable informed action. Unless and until governments agree on material taxation or regulation of greenhouse gas emissions, investors will lack incentive to act, both more systematically and in greater numbers, and the full potential of the project is unlikely to be realized.

An analysis of CDP5 responses indicates that FT500 companies have made significant progress in understanding and disclosing their positions relative to the risks and opportunities associated with climate change.

¹⁴ See: <http://www.sciam.com/article.cfm?articleID=E82F5561-E7F2-99DF-36D3CB7EB5DA209C>.

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1 CDP provides a coordinating secretariat and innovative forum for investor and corporate collaboration on climate change. Based on answers to its questionnaire, CDP provides the investment community with information about corporations' greenhouse gas emissions and climate change management strategies. Through CDP's database, this information is available in a comparable format that adds value for investors and a wide range of stakeholders.

CDP's mission is to facilitate a dialogue between investors and corporations, supported by high quality information from which a rational response to climate change will emerge.

The Carbon Disclosure Project (CDP)

In February 2007, CDP issued its fifth information request on behalf of 315 institutional investors with assets of USD 41 trillion under management. The request was sent to 2,400 of the largest quoted companies in the world by market capitalization for disclosure of investment-relevant information concerning the risks and opportunities facing these companies due to climate change. These companies included the largest listed companies in Asia, Australia, Brazil, Canada, France, Germany, India, Italy, Japan, New Zealand, Scandinavia, South Africa, Switzerland, UK, US, and the Electric Utilities and Transport sectors.

As in previous years the request focused upon the issues CDP has identified in conjunction with many signatory investors, corporations and other experts as being most pertinent to the effect of climate change on company value. Those issues include regulatory risk/opportunity (e.g. limits on emissions); physical risk/opportunity (e.g. changes in weather patterns impacting operations); consumer sentiment risk/opportunity (e.g. reputation); total company wide global greenhouse gas emissions and steps taken to manage and reduce emissions.

USD 41 trillion of assets under management represents more than one third of total global invested assets and is a marked increase from the USD 4.5 trillion that participated in the first CDP request in 2002.

76% of FT500 companies and a total of 1,300 corporations answered the fifth CDP request in 2007, evidencing a significant increase in support for CDP's work from the 45% of FT500 companies and 235 corporations that answered the first request in 2002.

Having launched at No.10 Downing Street in 2000, CDP has become the global standard mechanism by which companies report their greenhouse gas emissions to investors. Its process has been applauded by Al Gore (Former US Vice President), Sir John Bond (then Chairman HSBC), Jeff Immelt (CEO, General Electric), Angela Merkel (German Chancellor) and Tony Blair (former UK Prime Minister) among others. CDP is proud to have assisted the pioneering efforts of global investors in creating this comprehensive and international system of disclosure.

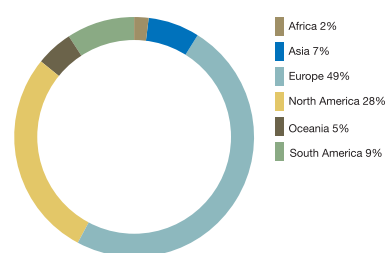
CDP data has also enabled stakeholders such as policymakers, service providers, and NGO's to accelerate their own initiatives. Last year CDP reports were produced in English, French, German, Japanese and Portuguese and launched at a series of high profile events in the main capital markets in the world. CDP now hosts the largest registry of corporate greenhouse gas data in the world, and this information, along with reports analyzing it, can be downloaded free of charge at www.cdproject.net. The CDP Secretariat extends sincere thanks to the signatory investors, responding corporations and regional partners for their participation in CDP5.

New CDP Initiatives in 2007

In addition to the expansion of its existing activity in 2007, CDP is delighted to have evolved its service offering in a number of exciting directions:

Improved database. CDP is launching a user-friendly interface to its comprehensive database of responses. This will enable users to easily and quickly perform comparative analysis by sorting company information by sector, geography, emissions and the CDP questions.

CDP5 Signatories by Region



"The aim of CDP is to gradually improve information on CO₂ emissions and climate strategies as well as to initiate long-term plans for the future. I wish the Carbon Disclosure Project success with its further efforts both in Germany and worldwide."

Angela Merkel,
German Chancellor

“The first step towards managing carbon emissions is to measure them. Because in business what gets measured gets managed. The Carbon Disclosure Project has played a crucial role in encouraging companies to take the first steps in that measurement and management path. If more businesses progress further down that measurement and management path, within the context of public policy which spurs on the business leaders and drags up the business laggards, then we will be able – and at surprisingly small economic cost – to offset the dangers which climate change poses to our world.”

Lord Adair Turner,
Standard Chartered plc

CDP Membership. CDP is now providing a premium service for those signatory investors who have become CDP members. This service provides members with enhanced recognition and access to the entire functionality of the database.

Supply Chain Initiative. In 2007, CDP was delighted to enter into partnership with Wal-Mart Stores to send the CDP information request to a subset of their suppliers. This contract represents the start of an exciting development for CDP as it begins to mirror its activity with shareholders and corporations via corporations and suppliers. The Wal-Mart work is now being developed for broader reach and impact with the launch of the Supply Chain Leadership Collaboration project (SCLC project) aimed at working with key sector leaders including: Retail, Brands, Aviation, Automotive and Government among others. This work will help identify and reduce emissions within their supply chains. The CDP Secretariat expresses sincere thanks to Wal-Mart for their leadership in developing this new system for corporate disclosure of emissions from supply chains

Climate Disclosure Standards Board (CDSB). CDP became a member of the CDSB consortium convened by the World Economic Forum in January 2007 and has been funded by the UK Department for Environment to provide the Secretariat to CDSB, supporting its activities focused upon climate change reporting standards. For more information on CDSB please see the online version of this report.

Going Forward

CDP's primary goal is to continue to improve the quality and quantity of responses for its core disclosure activity and in doing so better inform the decision-making of investors and corporations regarding the implications of climate change.

CDP will also continue to respond to stakeholder requests to expand and in addition to the new initiatives for 2007 is developing further projects including:

- expansion of the CDP process into further geographies and sectors.
- expansion of the CDP process into private equity and private companies.
- workshops for corporations and investors.
- further development of the CDP database
- assisting Pension Funds to develop mandates incorporating climate change criteria.

CDP would be delighted to hear from parties interested in participating or partnering with CDP and invites them to approach the Project through info@cdproject.net.

“It’s not surprising that investors are worried and that they are supporting the Carbon Disclosure Project. In BT we share their concern – and we have good business reasons for doing so. We have a huge investment in the UK telecommunications infrastructure and that will be increasingly at risk... the Carbon Disclosure Project does us all a great service in bringing these matters to the attention of the investment and business communities. It is an important catalyst for change – the change without which the world will be a very dangerous place.”

Sir Christopher Bland,
Chairman BT Group

“...the members of the Carbon Disclosure Project have recognised that the cost benefit analysis points to it being in the interest of business to take action. The growth of the Carbon Disclosure Project itself shows that investors are increasingly aware of the impact climate change will have on shareholder value... this is a project that has considerable momentum and that in itself is significant.”

Rt Hon Margaret Beckett MP,
**then Secretary of State
for Environment,
Food & Rural Affairs
UK Government**

“CDP works to improve the information flow, seeks to improve City engagement, to improve understanding and ultimately to improve economic performance... and it tackles it at the highest level with a cross border span, with force and with directness... CDP represents a very positive aspect of shareholder engagement and if there are more shareholders ready to sign up that can only be, from my perspective, a very good thing.”

Derek Higgs,
**author Higgs Report on
Corporate Governance**

“Initiatives such as the Carbon Disclosure Project (CDP) can play a meaningful role in our shared endeavours to reduce greenhouse gas emissions. The project shows that both companies and investors have key roles to play. It is very positive and inspiring that the capital markets are considering climate related aspects more and more in their investment decisions. It proves that the climate challenge is not only a matter of technology it is also an important economic issue. As Deputy Prime Minister and Minister of Enterprise and Energy it is especially encouraging to see that companies go ahead without state intervention.”

Maud Olofsson,
Deputy Prime Minister Sweden

“It has been a really interesting experience to watch the development of the Carbon Disclosure Project and I congratulate those who have worked so hard. It’s extremely significant because there is a major shift in awareness of the climate crisis and the need to integrate the behavior of companies public and private towards the climate crisis, both it’s risks and it’s opportunities in the investment market place and in the business market place generally.”

Al Gore,
**speaking at the CDP2006
launch in New York**

“CDP’s reporting mechanism offers a trusted solution for consistent and transparent reporting of our energy and carbon numbers, as well as a way to share our reduction strategies with our shareholders and other companies. News Corp. is still at the very beginning of our energy and climate change work and we’re delighted to have access to the wealth of information that CDP provides for us to learn from.”

News Corporation

2 The following table was developed to provide readers with a summary of the key regulatory, scientific, market, investor, and legal developments that have impacted the global carbon landscape over the last five years. These developments provide context for the corporate climate change strategies and initiatives outlined in this report.

Global Carbon market estimated at USD 29 billion

Key Climate Change Developments

	CDP1 (2003)	CDP2 (2004)	CDP3 (2005)	CDP4 (2006)	CDP5 (2007)
Clean Technology	> Aggregate global investment in clean technology totals USD 1.16 billion. > Clean energy markets (solar PV, wind-power installations and fuel cells) valued at USD 9.5 billion.	> Aggregate global investment in clean technology totals USD 1.21 billion. > Value of clean energy markets grows to over USD 16 billion.	> The Carbon Trust issues a report finding that UK investment in clean technology is growing at 30% year on year. > Global investment in clean technology surpasses USD 336 million in Q1, the second highest figure ever for a single quarter and the fourth straight quarterly increase.	> The United Nations publishes a report stating that the market for clean tech financing could reach USD 1.9 trillion by 2020. > Clean Edge estimates that the clean energy market (comprised of biofuels, wind power, solar power and fuel cells) will grow from its current value of USD 39.9 billion to USD 167.2 billion by 2015, equating to an average annual growth rate of 32% over the next decade.	> Clean Edge estimates that revenues for four clean energy technologies (solar photovoltaics, wind power, biofuels, and fuel cells) increased by 39% to USD 55 billion between 2005 and 2006; and will increase to USD 226 billion by 2016. > United Nations Environment Program and New Energy Finance report that USD 18 billion is currently under management in approximately 180 investment funds that focus on sustainable energy.
Kyoto Protocol	> Kyoto Protocol exists but has not been ratified by enough of its signatories to enter into force.	> Kyoto Protocol hotly debated and Russian ratification uncertain – casting doubt over its future.	> Russia ratifies the Kyoto Protocol, thus ensuring that it enters into force.	> Post Kyoto discussions emerge. > Progress toward Kyoto targets uncertain – many countries likely to miss their targets under a business as usual scenario.	> Members of the UN Conference of Parties agree on a wide-ranging review of the Kyoto Protocol in 2008. > Uncertainty continues to surround the achievement of Kyoto targets.
Carbon Markets	> World Bank has already broken ground with its Prototype Carbon Fund. > EU ETS proposal gains political assent.	> World Bank expands its carbon fund products. > EU ETS becomes part of European law.	> Private sector entrants launch carbon funds. Over USD 1.5 billion currently invested in 15 carbon funds worldwide. > Approximately 6,000 companies (operating 11,000 installations) begin trading carbon under the EU ETS.	> World Bank estimates that the global carbon market is worth USD 11 billion. > EU ETS matures into full-fledged trading regime. Experiences its first significant correction in April 2006 when the price for allowances plunges 60%.	> In 2006, 1.6 billion tonnes of CO₂e traded hands, worth USD 29 billion, the majority of which (63%) was traded through the EU ETS. > European Governments negotiating emissions targets for Phase II (2008 – 2012) of the EU ETS. Expectation is that targets will be significantly tighter. One estimate puts Phase II EUAs at USD 21 in 2008, rising to USD 50 by 2012.
Corporate Positioning	> A relatively small vanguard of leading corporations highlight the risks of climate change.	> More companies become vocal on risks of climate change.	> Multinational companies sign a statement requesting a cap-and-trade emissions trading system to set limits on GHG emissions. > Perceptions shift as several firms publicly recognize the business opportunities presented by climate change.	> Growing number of FT500 companies are developing products for markets driven in part by climate change. > Companies with operations in both Kyoto and non-Kyoto states appeal for sense of regulatory certainty.	> Numerous FT500 companies along with leading environmental organizations form USCAP, a coalition developed to call on the U.S. federal government to enact national legislation to require mandatory GHG reductions. > Global Roundtable on Climate Change brings together numerous FT500 companies to discuss climate change.
Investor Collaboration	> Carbon Disclosure Project gains support of 35 investors with USD 4.5 trillion in assets. > IIGCC formed in 2001. > Investor Network on Climate Risk (INCR) first UN Summit.	> Carbon Disclosure Project gains support of 95 investors with USD 10 trillion in assets. > 22 shareholder resolutions filed regarding climate change in the U.S.	> Carbon Disclosure Project gains support of 155 investors with over USD 20 trillion in assets. > INCR holds its second Investor Summit bringing together U.S. state treasurers, fiduciaries and financial executives. > 30 shareholder resolutions filed regarding climate change in the U.S.	> Carbon Disclosure Project gains support of 225 investors with over USD 31 trillion in assets. > INCR/CERES publishes report ranking 100 global companies on climate change. > 33 shareholder resolutions filed regarding climate change/global warming in the U.S.	> The Carbon Disclosure Project gains support of 315 investors with over USD 41 trillion in assets. > Institutional investors representing USD 900 billion withhold support of Exxon Mobil board member over failure to address climate change risk. > 42 global warming resolutions filed with U.S. companies in 2007 proxy season.
Carbon Accounting	> Little to no guidance available regarding carbon accounting.	> Some attention now given to accounting for climate change, particularly under new disclosure standards of Sarbanes-Oxley.	> Major accounting organizations begin to issue specific guidance on accounting for carbon assets/liabilities and disclosure protocol in the MD&A.	> Accounting bodies providing more specific guidance on how environmental risks can be accounted for, including definitions of materiality. > The Canadian Institute for Chartered Accountants releases a discussion brief titled "MD&A Disclosure about the Financial Impact of Climate Change and Other Environmental Issues".	> 31 U.S. states and two Canadian provinces charter 'The Climate Registry' to develop a common national framework for voluntary and mandatory GHG reporting. > The Climate Disclosure Standards Board (CDSB) was launched at Davos with the aim of harmonizing global carbon accounting standards.
Climate Science	> Reports focus on European heat wave; emissions implicated by leading scientists.	> World Meteorological Office highlights extremes in weather all over the world and links them to climate change. > A Pentagon-commissioned study concludes that under extreme scenarios, climate change could result in a global catastrophe.	> The national science academies of the G8 nations and Brazil, China and India sign a joint statement on the global response to climate change.	> Two independent studies confirm that hurricanes are becoming more intense worldwide. > The U.S. National Oceanic and Atmospheric Administration predicts an "above normal" hurricane season for 2006, with 13 to 16 "named" storms in the North Atlantic, up from a historical average of 11.	> The Intergovernmental Panel on Climate Change (IPCC) releases its 'Fourth Assessment Report' which provides the strongest and most comprehensive statement on the extent and cause of climate change to date. > The IPCC concludes that Continued greenhouse gas emissions at or above current rates would cause further warming and induce many changes in the global climate system during the 21st century that would very likely be larger than those observed during the 20th century.
Legal	> Three state Attorneys General announce they plan to sue the U.S. Environmental Protection Agency (EPA) to make it regulate carbon dioxide.	> Eight US states and New York City file a civil suit against five U.S. electric utilities to compel the companies to reduce their GHG emissions.	> A U.S. federal judge grants legal standing to a lawsuit that challenging the U.S. Federal government's failure to evaluate the impacts of its actions on the Earth's climate and U.S. citizens. The suit is filed in August 2005 by four U.S. cities and two NGOs.	> For the first time, the U.S. Supreme Court agrees in June to hear a case on whether the US EPA should regulate CO₂ emissions. Hearing expected to begin in Autumn 2006.	> The U.S. Supreme Court rules that the EPA is required to regulate GHG emissions from the transportation sector under the Clean Air Act. > California files suit against the 'big six' auto manufacturers alleging that the companies created a public nuisance by building products that emit a combined 289 million tonnes of CO₂ annually.

3 As in the previous three CDP reports (CDP4, CDP3, and CDP2), a Climate Disclosure Leadership Index (CDLI) has been developed to highlight the FT500 companies that provided the most comprehensive response to the CDP questionnaire. Unlike in previous years, inclusion in the CDP5 CDLI is based on an absolute score rather than a 'best in class' approach.

Climate Disclosure Leadership Index (CDLI)

Additional changes and improvements were made to this year's scoring system to reflect the increased sophistication of the CDP questionnaire and to provide a more accurate assessment of company responses. Finally, this year's CDLI was organized to include all the industry sectors represented in the FT500 that produced companies with qualifying scores. Companies with CDLI scores equal to or greater than 85 were included in this year's CDLI.

The CDLI provides an evaluation for investors on which of the FT500 companies in each sector have developed the most comprehensive climate change disclosure practices. The assessment was based on an analysis and scoring of responses to the CDP questionnaire. Given the fact that carbon-intensive sectors were asked to answer Sections 'A' and 'B' of the questionnaire, those companies were scored on responses to 16 key questions.¹⁵ Scores for low-carbon sectors were based on 11 questions from Section 'A' only.¹⁶

For both carbon-intensive and low-carbon sectors, questions were weighted to create a 100 point scale.¹⁷ However, in an effort to reflect the difference in disclosure requirements for the two carbon-intensity classifications, the CDLI is divided into two groupings.¹⁸

Companies listed in the CDLI are sector leaders in the area of carbon disclosure. Inevitably some sectors have more respondents in the CDLI than others, while some sectors failed to produce any companies that met the 85 point threshold. As in previous years, it is important to remind readers of certain considerations:

1. The analysis is based on self-reported, largely non-verified responses.
2. The choice of a score of 85 as the cut-off point for inclusion was arbitrary. As in the creation of any index, efforts to set a standard for inclusion will ultimately exclude a number of qualified firms.¹⁹
3. Responses to the CDP5 questionnaire do not necessarily provide an accurate reflection of companies' actual carbon performance nor do they necessarily reflect companies' traditional carbon disclosure through traditional reporting channels such as annual reports, environmental reports, SEC and other regulatory filings.

To demonstrate the relationship between leadership in carbon disclosure and leadership in carbon performance, Innovest's Carbon Beta™ ratings were also introduced into this year's CDLI.

"Repsol YPF believes that those companies that can adapt to the changing landscape by producing energy by more efficient and cleaner means could capitalize on the value that exists in today's carbon market for GHG emissions reductions."

Repsol YPF

"Iberdrola is the world's leading wind energy company and one of its largest operators in renewable energies."

Iberdrola

¹⁵ A proprietary carbon risk model was used to analyze the net carbon intensity of all industry sectors represented in the FT500. On the basis of this analysis, sectors were determined to be either carbon-intensive or low-carbon. Sectors that were classified as carbon-intensive were expected to answer parts 'A' and 'B' of the questionnaire, while low-carbon industries were responsible for answering only part 'A'. A list of sector classifications can be found in Appendix IV of the online report.

¹⁶ Scores have been given to the responses of all companies that answered the CDP5 questionnaire and can be found in Appendices I and II of the online report.

¹⁷ The methodology used to score company responses to CDP5 can be found in Appendix III of the online report.

¹⁸ Companies from low-carbon sectors that answered both parts 'A' and 'B' were given recognition for doing so in the 'Summary of Company Responses' available in Appendix I of this report and Appendix II of the online report.

¹⁹ Superior carbon disclosure is not necessarily an indicator of low risk exposure. Investors are urged to use performance-based and management-quality carbon research when making determinations about company or portfolio exposure to carbon risks and opportunities.

“Our product energy strategy is to deliver energy-efficient products and services through innovative design, effective partnerships, and advanced research by HP Labs. Our objective is to offer products that can save customers energy and money and that minimize environmental impact.”

Hewlett Packard

“In May 2007, Citi announced a \$50 billion commitment over 10 years to address global climate change through increases in investment and the financing of alternative energy, clean technology, and other carbon-emission reduction activities.”

Citigroup

Innovest, through a proprietary methodology, calculates the net carbon exposure of a firm, taking into consideration current and potential regulatory frameworks within the different countries in which a corporation operates. The concept also accounts for the different risks, at an industry-specific level, to which companies may be exposed. In addition, the rating model integrates an analysis of risk management capability and strategic profit opportunities.

Finally, the Carbon Beta™ platform includes a proprietary compliance cost model that estimates, as a percentage of EBITDA,²⁰ the current or potential exposure a company has when complying with climate change regulations. This model in turn assesses the expected emissions reduction targets, according to applicable legislation, where a company has relevant assets, domestically and internationally. The different climate regulatory frameworks (present and potential) across the world have also been integrated into the model.

In an effort to further illustrate the correlation between carbon disclosure and carbon performance, Innovest's Carbon Beta™ ratings of CCC (worst in class) through AAA (best in class) were plotted with the CDP5 CDLI scores to create the Climate Leaders Matrix (CLM).²¹ Although the CLM reveals some overlap between disclosure and performance, investors should recognize that this is not necessarily a causal relationship and that disclosure is not necessarily an accurate reflection of carbon performance.

Most importantly, readers should recognize that the Carbon Beta™ analysis requires a level of assessment that is beyond the scope of a questionnaire-based instrument like the CDP. The fact that there are significant correlations between the scores in many cases, however, suggests that robust disclosure is an excellent indicator of carbon performance.

²⁰ EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization.

²¹ Innovest's Carbon Beta scores have been converted to letter grades similar to Moody's bond ratings. As in the case of bond ratings, a higher letter score (AAA being the top score) indicates that a company has lower net carbon risk for investors than its same-sector peers. The order of possible Carbon Beta scores from best to worst is: AAA, AA, A, BBB, BB, B, and CCC.

Carbon-Intensive Sectors

Innovest Sector	Companies	Scope 1 Emissions Reported in CDP5 (Tonnes CO ₂ e)	Scope 2 Emissions Reported in CDP5 (Tonnes CO ₂ e)	Total Scope 1, 2, and 3 Emissions Reported in CDP5 (Tonnes CO ₂ e)*	CDLI Score	Innovest Carbon Beta™ Rating
Automobiles	DaimlerChrysler	1,910,221	5,349,307	7,259,528	90	BBB
	Nissan Motor	797,000	1,323,000	150,466,000	85	BBB
Diversified Chemicals	Bayer	4,100,000	3,900,000	8,000,000	95	A
	E I du Pont de Nemours (DuPont)	9,000,000	3,100,000	12,100,000	95	AAA
Electric Power Companies – N. America	Exelon	12,100,000	900,000	13,000,000	95	AA
	Entergy Corp	28,350,587	773,114	29,123,701	90	A
Electric Utilities - International	Iberdrola	21,964,784	3,475,029	25,482,138	100	AAA
	Fortum	11,000,000	178,000	13,829,600	95	AAA
	Scottish & Southern Energy	25,880,000	16,687	25,930,396	90	AAA
Gas Utilities	Gaz de France	5,578,946	127,328	6,325,259	95	AA
Household Durables	Matsushita Electric	1,042,121	3,083,766	4,125,887	90	AAA
Integrated Oil & Gas	BP	59,300,000	10,100,000	608,400,000	90	AAA
	Repsol YPF	26,492,885	1,545,939	28,718,824	90	A
	Total	57,800,000		686,800,000	90	AA
	ENI	59,300,000	3,750,000	63,050,000	85	A
	Exxon Mobil	145,500,000	13,300,000	158,800,000	85	BB
	Petrobras	49,860,000	571,960	50,431,960	85	BB
	Suncor Energy	11,030,033	315,741	11,345,774	85	BBB
Metals & Mining	Rio Tinto	15,300,000	13,500,000	654,336,000	100	AAA
	BHP Billiton	23,200,000	28,600,000	51,928,500	90	AA
	Alcan	20,300,000	11,600,000	31,900,000	85	AAA
	Alcoa	33,900,000	26,200,000	60,100,000	85	AAA
Multi-Utilities & Unregulated Power	Suez	83,421,727		83,421,727	90	AA
	Centrica	8,775,035	137,251	8,912,286	85	AAA
	Veolia Environnement	36,482,620	3,025,415	39,674,035	85	A
Oil & Gas Exploration & Production	Woodside Petroleum	8,273,583	14,720	8,288,303	85	BB
Pharmaceuticals	Pfizer	1,223,876	1,184,441	2,639,317	85	A
Steel	Sumitomo Metal Inds.	21,810,000	4,470,000	26,280,000	85	AA

* Many companies did not report Scope 3 emissions

Low-Carbon Sectors

Innovest Sector	Companies	Scope 1 Emissions Reported in CDP5 (Tonnes CO ₂ e)	Scope 2 Emissions Reported in CDP5 (Tonnes CO ₂ e)	Total Scope 1, 2, and 3 Emissions Reported in CDP5 (Tonnes CO ₂ e)**	CDLI Score	Innovest Carbon Beta™ Rating
Banks – Europe	HBOS	47,946	16,767	80,815	95	AAA
	Unicredit Group	119,330	646,836	850,632	85	AAA
Banks – Japan & Australia	Westpac Banking	102,942	5,273	116,102	100	AAA
	ANZ Banking	12,746	171,729	197,069	90	AA
Banks – North America	Royal Bank of Canada	8,554	54,784	95,995	90	AAA
	CIBC	10,312	37,379	70,098	85	AAA
Beverages & Tobacco	British American Tobacco	365,550	376,712	3,109,797	95	A
	Coca Cola	1,962,287	2,905,492	4,922,779	95	AA
	Diageo	505,157	243,521	2,253,678	90	AA
Communications Equipment	Ericsson	8,000	145,000	690,025	90	AAA
Computers & Peripherals	Hewlett-Packard	134,500	1,464,000	2,062,300	100	AAA
	EMC	30,893	256,324	287,217	95	B
	Dell	7,000	377,000	384,000	90	AAA
	IBM	533,064	2,291,297	2,824,361	90	AAA
	Sun Microsystems	13,804	241,128	254,932	85	BBB
Food & Drug Retailing	Tesco	4,106,958	2,346,380	6,487,266	90	AAA
Food Products	Unilever	1,581,565	1,711,317	173,792,882	90	AAA
	Cadbury Schweppes	458,276	551,153	5,725,031	85	AAA
Global Banks	Citigroup	48,507	1,338,905	22,882,483	95	AA
	Royal Bank of Scotland	96,799	389,242	556,041	95	BBB
	ABN Amro Holding	0	336,514	414,720	90	AAA
	Standard Chartered	1,397	128,479	139,927	90	AA
	UBS	31,519	230,015	293,158	90	AAA
	Barclays	36,737	370,004	473,201	85	AA
	HSBC	*	634,000	813,000	85	AAA
	ING	113,708	227,555	341,263	85	AAA
	Societe Generale	27,829	128,479	223,948	85	A

“IBM’s early leadership in energy conservation, energy efficiency and developing and marketing energy efficient products and services has enabled the company to meet client expectations in this area. Accordingly, our climate leadership enables IBM to identify and capture opportunities in this area from a market standpoint, creating an opportunity rather than a risk.”

IBM

“Our major impacts, and our greatest opportunities to influence and lead, include indirect Product-related and Sourcing considerations (Scope 3). To address this, we’ve adopted a comprehensive strategy that integrates efficiency considerations into each stage of the product life cycle - from development, design and sourcing through manufacturing, operations, order fulfilment, customer use and product recovery.”

Dell

“Microsoft feels strongly about its role in environmental stewardship. As a company, we will continue to use industry best practices in the design of our buildings, products and services in order to meet or exceed future regulations and provide innovative solutions to our customers.”

Microsoft

* HSBC Currently Report Scope 1 & 2 Together
 ** Many companies did not report Scope 3 emissions

Low-Carbon Sectors

Innovest Sector	Companies	Scope 1 Emissions Reported in CDP5 (Tonnes CO ₂ e)	Scope 2 Emissions Reported in CDP5 (Tonnes CO ₂ e)	Total Scope 1, 2, and 3 Emissions Reported in CDP5 (Tonnes CO ₂ e)	CDLI Score	Innovest Carbon Beta™ Rating
Health Care Equipment & Supplies	Baxter International	245,000	486,000	884,700	90	AAA
Life & Health Insurance	Legal & General Group	0	10,359	15,344	90	BBB
Multi-Line Insurance & Brokerage	Allianz	55,854	418,588	630,457	90	AA
	Aviva	30,437	39,439	126,269	85	AAA
Reinsurance	Swiss Re	8,158	59,157	95,895	85	AAA
Integrated Telecommunication Services	Deutsche Telekom	353,955	2,828,777	3,182,732	95	AAA
	BCE	114,463	187,615	318,179	90	AA
	BT Group	253,547	467,381	779,617	85	A
	Telstra	149,075	1,031,576	1,360,574	85	B
Multiline Retail	Marks & Spencer	66,000	212,000	5,584,000	90	AAA
	Wal Mart Stores	4,306,369	14,413,425	20,388,574	85	A
Real Estate Management & Development	Land Securities	76,347	162,741	479,023	85	AAA
Software & IT Services	Microsoft	14,730	137,870	416,170	90	BBB

“Increasing environmental awareness amongst consumers provides an opportunity to launch innovative new products and services, which are both more environmental and lower costs. Companies that successfully demonstrate their environmental credentials through the design and delivery of their products will benefit from positive brand perceptions and a more resilient corporate reputation.”

Royal Bank of Scotland

“Deutsche Telekom is committed to the model of sustainable development and views climate protection as an integral component thereof. We work consistently to improve the balance between economic growth, high environmental standards, and social responsibility.”

Deutsche Telekom

“We are currently deploying a supplier energy efficiency program that will enable low cost technology transfer throughout our supply network. It is our hope that this will form the basis of an energy efficiency model that can be adopted by any private or public sector organization that manages a supply chain.”

Wal-Mart

“Energy efficiency is as much about a change of lifestyle and behaviour as about practical measures. Through our advice and education programmes we aim to show customers the financial, social and environmental benefits of being more energy efficient.”

Centrica

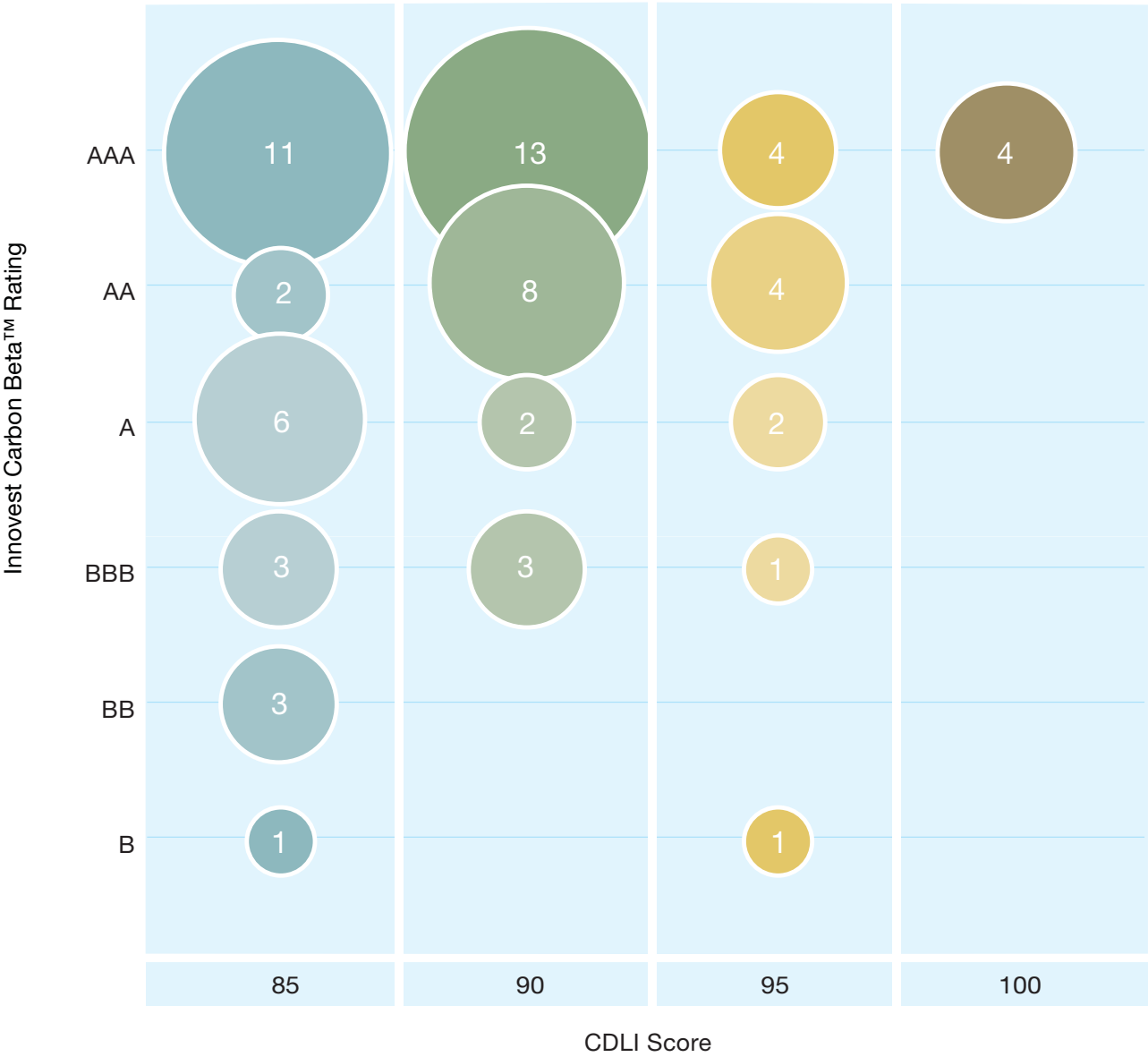
“At Tesco we believe that we can be part of the solution to tackling climate change. A key element of our strategy is to “turn green consumption into mass consumption”. With roughly 17m customers visiting our UK stores each week (33m globally) helping customers to make greener choices is one of the biggest impacts we can make.”

Tesco

“Cadbury Schweppes recognises that we need to mobilise suppliers, customers and consumers to help us achieve our common goal of sustainable development. By sharing what we are doing and the ideas we are implementing with our suppliers, we hope to encourage them to take concrete steps to reduce their carbon emissions as well.”

Cadbury Schweppes

Climate Leaders Matrix



1 Number of companies in each cluster

The Climate Leaders Matrix (CLM) demonstrates which companies have the best disclosure as indicated by their CDLI score and the best carbon performance as expressed by the Innovest Carbon Beta™ Rating. It is worth noting that all of the companies who achieved CDLI status produced very good responses to CDP. The CLM provides further

analysis of the CDLI companies by showing which companies have both good disclosure and carbon performance. Companies in the top right hand corner of the CLM have the best in class disclosure and performance and are therefore well placed to benefit from the transition to a low carbon economy.

Companies	CDLI Score	Innovest Carbon Beta™ Rating	Companies	CDLI Score	Innovest Carbon Beta™ Rating
Hewlett-Packard	100	AAA	Standard Chartered	90	AA
Iberdrola	100	AAA	Suez	90	AA
Rio Tinto	100	AAA	Total	90	AA
Westpac Banking	100	AAA	Entergy Corp	90	A
Deutsche Telekom	95	AAA	Repsol YPF	90	A
E I du Pont de Nemours (DuPont)	95	AAA	Daimler Chrysler	90	BBB
Fortum	95	AAA	Legal & General Group	90	BBB
HBOS	95	AAA	Microsoft	90	BBB
Citigroup	95	AA	Alcan	85	AAA
Coca Cola	95	AA	Alcoa	85	AAA
Exelon	95	AA	Aviva	85	AAA
Gaz de France	95	AA	Cadbury Schweppes	85	AAA
Bayer	95	A	Centrica	85	AAA
British American Tobacco	95	A	CIBC	85	AAA
Royal Bank of Scotland	95	BBB	HSBC	85	AAA
EMC	95	B	ING	85	AAA
ABN Amro Holding	90	AAA	Land Securities	85	AAA
Baxter International	90	AAA	Swiss Re	85	AAA
BP	90	AAA	Unicredit Group	85	AAA
Dell	90	AAA	Barclays	85	AA
Ericsson	90	AAA	Sumitomo Metal Inds.	85	AA
IBM	90	AAA	BT Group	85	A
Marks & Spencer	90	AAA	ENI	85	A
Matsushita Electric	90	AAA	Pfizer	85	A
Royal Bank of Canada	90	AAA	Societe Generale	85	A
Scottish & Southern Energy	90	AAA	Veolia Environnement	85	A
Tesco	90	AAA	Wal Mart Stores	85	A
UBS	90	AAA	Nissan Motor	85	BBB
Unilever	90	AAA	Suncor Energy	85	BBB
Allianz	90	AA	Sun Microsystems	85	BBB
ANZ Banking	90	AA	Exxon Mobil	85	BB
BCE	90	AA	Petrobras	85	BB
BHP Billiton	90	AA	Woodside Petroleum	85	BB
Diageo	90	AA	Telstra	85	B

4 The following chapter summarizes how FT500 companies responded to each of the questions in the CDP5 questionnaire. In addition, this section provides an overview of the company and geographic response rates, and the response rate for each of the regional CDP initiatives.

Response Trends

(i) Summary of Companies' Responses to Questions in CDP5

This section summarizes the trends identified in the FT500 companies' responses to each of the questions in the CDP5 questionnaire. As has been the case in previous CDP iterations, company responses varied in quality. However, given the increased specificity and sophistication of this year's questionnaire, there was considerably less room for differing interpretations of the questions on the part of responding companies.

Readers are reminded that Section 'A' (questions 1 and 2) of the CDP5 Questionnaire was answered by all respondents, while firms in carbon-intensive sectors were expected to answer Section 'B' (questions 3, 4, and 5).

Section A – All Companies

Question #1. Climate Change Risks, Opportunities and Strategy

a. Risks. 79% of respondents consider climate change to present a commercial risk. In general, the identified risks can be grouped into four primary categories: physical, regulatory, competitive, and reputational.

An analysis of responses reveals that sectors with significant operations in areas sensitive to extreme weather events, such as **Integrated Oil & Gas**, were the most consistent in reporting concern over the physical risks associated with climate change.

FT500 companies in carbon-intensive industries such as **Electric Utilities – International** and **Electric Power Companies – N. America** reported the most awareness of, and exposure to regulatory risks. However, as numerous regions are poised to enact climate change policies, recognition of regulatory risks is less limited to certain geographic areas than it has been in previous CDP reports.

The maturation of consumer and market forces has driven companies in all sectors to recognize the competitive and reputational risks associated with climate change. Despite an overall increase in awareness in this area, there are several firms that are yet to report a developed understanding of climate risks. The table at the end of this section demonstrates the discrepancies between sector peers that are evident in companies' responses to question 1a.

b. Opportunities. 82% of responding FT500 companies recognize commercial opportunities for existing or new products and services as a result of climate change. These companies reported current and planned involvement in renewable energy development, CDM projects, and new financing opportunities associated with climate change. Although reported upside opportunities were evident throughout a majority of sectors, the **Healthcare** and **Pharmaceuticals** sectors generally failed to recognize potential opportunities. In contrast, the highest levels of overall awareness of upside opportunities were evident in sectors such as **Automobiles** and **Metals & Mining**, which have traditionally been involved in the production of carbon-intensive products.

76% of responding companies reported reduction targets with timelines compared to 42% in CDP4.

c. Strategy. 89% of respondents disclosed information on the strategies undertaken to manage risks and opportunities associated with climate change. The reported strategies ranged from improved energy efficiency to the development of new products, and demonstrate the fact that a majority of FT500 companies are working proactively to minimize risks and capitalize on opportunities associated with climate change.

d. Reduction Target. CDP5 responses reveal a significant growth in the number of FT500 companies that have implemented GHG emissions reduction targets and established timelines for achievement. This year, 76% of responding companies reported reduction targets with timelines compared to 42% in CDP4, 45% in CDP3, and 43% in CDP2. This trend suggests that GHG reduction efforts are no longer limited to companies with exposure to current regulations. Rather, FT500 companies throughout the world are working to reduce their emissions, and to position themselves to mitigate the potential financial implications of future carbon constraints. For example, 83% of the responding **Electric Power Companies – N. America** sector reported having implemented a formal GHG reduction program. Furthermore, low-carbon sectors that are less likely to face GHG regulations in the short-term are beginning to recognize the reputational benefits of reducing their GHG emissions, as evidenced by the fact that 81% of responding **Global Banks** reported GHG reduction targets.

Question #2. Greenhouse Gas Emissions Accounting

a. Methodology. An analysis of CDP5 responses indicates that a majority of FT500 companies reported using the GHG Protocol methodology for carbon accounting. The increased standardization of GHG reporting subsequently allows for greater comparability of emissions data compared to previous CDP iterations. However, the responses demonstrate that external verification or auditing of emissions data remains inconsistent throughout the FT500.

b. Scope 1 and 2 of GHG Protocol.

This year, 60% of FT500 companies disclosed emissions data compared to 48% in CDP4, 54% in CDP3, and 46% in CDP2. However, of the responding companies, 79% reported emissions data. Although this represents an appreciable increase from last year (73%), it is important to note that there is significant room for growth before CDP achieves 100% disclosure in this area. The failure to disclose emissions on the part of some FT500 companies is likely attributed to several different factors. First, many companies still lack adequate GHG measurement systems and management capabilities. This is more often the case in low-carbon sectors that operate outside of current regulatory regimes.

Furthermore, a lack of reporting can also be attributed to the growing concern surrounding performance in this area, and the unwillingness of firms to report details of their emissions profile.

65% of respondents disclosed their total electricity purchases. In sum, FT500 companies reported purchasing 2,095,614,270 MWh of electricity globally. However, only 52% of these companies reported buying a percentage of their electricity needs from renewable sources. Renewable energy purchasing was most prevalent in carbon-intensive sectors including: **Metals & Mining** and **Electric Utilities – International** and sectors that are heavily dependent on brand image such as **Multiline Retail** and **Global Banks**. Given the increasing availability of renewable energy and its role in assisting companies to reduce their GHG emissions, reported involvement in this area will likely increase in future CDP iterations.

c. Scope 3 of GHG Protocol. 34% of responding companies reported Scope 3 emissions. This marks a noticeable increase from CDP4 when only 16% of responding companies disclosed this data. In general, improved disclosure in this area is likely a result of the use of standardized GHG accounting procedures and an improved understanding on the part of companies of their entire carbon footprint.

Section B

Question #3. Additional Greenhouse Gas Emissions Accounting

a. Countries. 59% of FT500 companies that provided emissions data disclosed some form of regional emissions data. In most cases, companies' regional data was limited to total emissions in Annex B countries and was not separated into individual countries. In general, this suggests that companies continue to focus on carbon accounting in regions that are currently under regulation and those that are more likely to develop GHG emissions limits in the near-term.

b. Facilities. In total, 75 companies reported the number of emissions allocations they received under the EU ETS. 81% of these firms reported whether they experienced a shortfall or surplus in allocations. The fact that only 21% of responding firms experienced an emissions shortfall clearly reflects the over-allocations that characterized Phase I of the EU ETS. However, as the EU ETS prepares to enter Phase II, overall disclosure and financial impacts are likely to increase.

c. EU ETS Impact. Few companies reported having experienced significant financial gains or losses under Phase 1 of the EU ETS. The quality of responses and the reported impact of the EU ETS are expected to increase under Phase II, which will present more stringent limits on GHG emissions.

Question #4. Greenhouse Gas Emissions Management

a. Reduction Programs. Answers to question 4a were combined with responses to question 1d (above) to create a more thorough analysis of the FT500's position with respect to GHG reduction programs.

b. Emissions Trading. 46% of responding companies reported having developed strategies for emissions trading and CDM/JI projects. Last year, an equal percentage of respondents stated that emissions trading was relevant to their operations, while 35% and 31% of responding companies made similar statements in CDP3 and CDP2 respectively. Although this data helps to illustrate trends with respect to FT500 companies' approach to emissions trading, it is important to note that the nature of this question changed significantly in CDP5. Given the increased maturity of relevant emissions trading platforms and of the CDM/JI process, CDP5 sought to determine which companies disclosed specific involvement or strategies for future involvement rather than a statement about perceived relevance as in previous years.

c. Emissions Intensity. As was the case last year, FT500 responses to this question demonstrated several different approaches to the measurement and management of emissions intensity. Although emissions intensity is emerging as one of the most useful tools for investors to evaluate firms' carbon exposure, only 42% of respondents provided data in this area. Disclosure of emissions intensity is likely to increase as investors place more emphasis on carbon performance.

d. Energy Costs. 50% of FT500 companies that responded to Section 'B' of the CDP5 questionnaire reported total energy costs. In sum, these companies reported spending USD 128,055,385,012 on energy in 2006. As in previous years, the percentage of companies that reported energy costs differed across sectors. For example, in the **Metals & Mining** sector – where energy costs are reported to be between 5% and 35% of operating costs – 82% of responding companies reported total costs in this area. **Electric Utilities – International** and **Pharmaceuticals** also reported energy costs at a rate above the overall CDP average with 58% and 56% of companies disclosing data respectively. Investors should note that as regulatory responses to climate change continue to effect energy prices and as the threat of 'peak oil' looms, this data will be an increasingly important tool to differentiate between industry competitors and to assess financial risk exposure.

Companies reported spending USD 128,055,385,012 on energy in 2006.

e. Planning. This year, CDP sought to assess how FT500 companies estimate and plan for future GHG emissions and associated costs. Although responses to this question did not provide any definitive conclusions, they did yield several interesting examples of how the most proactive firms plan for an increasingly carbon constrained world. Several firms reported that carbon is treated as a commodity and estimated future costs are factored into all business and investment decisions. In general, companies that displayed this advanced approach to planning were most often involved in carbon-intensive industries that are currently affected by regulatory regimes such as **Electric Utilities – International**.

b. Individual Performance. This year the CDP questionnaire went beyond senior level responsibility to assess what incentive mechanisms firms were developing for managers with reference to climate change. Overall, responding FT500 companies provided answers that varied in terms of both quality and scope. While most firms are yet to develop robust incentive programs, others report that the management of energy costs and efficiency are used as measures in the assessment of individual performance. Furthermore, several leading companies disclosed programs that reward employees and suppliers for progress towards GHG reductions and corporate climate goals.

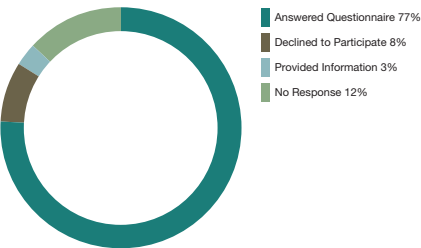
Question #5. Climate Change Governance

a. Responsibility. 64% of companies that responded to Section 'B' of the CDP5 questionnaire reported having allocated board-level or upper management responsibility for climate change-related issues. This data represents an increase from CDP4 levels (56%). However it falls below CDP3 rates when 86% of responding companies said that they had developed some form of climate change management. Considering that the overwhelming majority of companies that responded to this question are involved in carbon-intensive industries, these results reflect the fact that top-level management capacity is still lacking in many firms despite an overall increase in awareness and mitigation efforts. Responses to this section suggest that additional progress is required before climate change issues and carbon performance are treated as a top-tier priority among FT500 firms.

Differences of Opinion within Sectors

Fails to Acknowledge Certain Risks Presented By Climate Change	Acknowledges Certain Risks Presented By Climate Change
Aerospace & Defense	
Boeing stated that “no specific physical risks have been identified.”	Northrop Grumman, after experiencing significant impacts due to Hurricane Katrina, recognizes that “any severe weather conditions could have an impact on the business due to property structure damage, temporary shut down of production, inability of employees to reach the worksite.”
Banks – Europe	
Svenska Handelsbanken does not see “any regulatory risks associated with current or expected government policy on climate change.”	Dexia recognizes that “the regulatory framework can increase costs for financial companies or undermine markets [by creating] demand and affecting supply.”
Banks – North America	
Freddie Mac stated, “Climate risks have not been identified as a primary risk to our business model by regulators or other government offices.” Washington Mutual does “not foresee immediate risk to WaMu’s business models as result of regulatory direction in connection with GHG emissions or climate change.”	Wachovia reported that climate change “poses... a risk, as regulation may create a hardship on companies who are not well-positioned for the change. To that end, Wachovia has begun to engage its business units in dialogue on potential business risks related to climate change regulation, and will continue to increase its internal consultations.” Royal Bank of Canada responded, “As our clients are exposed to these risks, it may impact on their ability to remain a going concern and potentially give rise to credit, market, competitive, operational and reputational risks for RBC.”
Computers & Peripherals	
Toshiba responded, “Our operations are not affected by climate changes at this moment.”	Hewlett Packard replied, “Our worldwide operations could be subject to natural disasters and other business disruptions, which could seriously harm our revenue and financial condition and increase our costs and expenses” and has developed a risk-based business continuity program to protect people, property, the environment and continuity of operations.
Food Products	
Danone replied “none” to questions about regulatory risks associated with climate change	Kellogg replied that “the UK Climate Change Levy has caused more attention and investment on energy conservation activities. Our UK business has aggressively addressed energy management, enabling us to consistently meet the goals of the Climate Change Levy since the program was implemented. These activities have also given us perspective on how regulatory programs may impact our businesses around the world.”
Food & Drug Retailing	
Seven & I Holdings, in response to the question about physical risks of climate change, replied “none.”	Tesco divided physical risks into three categories: risks to store operations, risks to supply chain and risks to customers. The company stated that “Tesco currently has store operations in number of developing countries which may be more exposed to climate change,” and that “physical changes to our environment may also put existing sources of products, or the companies that supply us, at risk.”
Insurance	
In response to the question about regulatory risk, Progressive stated, “Our primary product offering is insurance, the production and servicing of which does not produce significant direct GHG emissions.”	Legal & General reported that they “operate robust risk management processes and are fully aware of the current and expected policies on climate change” and are taking action on climate change and reducing GHG emissions in order to be “less likely to have problems with proposed/forthcoming regulations and legislation” as well as to limit indirect risks from related consumer pressure.
Investment Banks & Brokerage	
Charles Schwab replied with ‘N/A’ to all questions concerning climate change risks	Lehman Brothers stated, “Physical risks pose a threat to the operations of all financial services firms and therefore to the financial markets overall.”
Specialty Retail	
In response to the question about climate risks, Hennes & Mauritz stated “none.”	Staples stated, “The potential business implications for Staples of climate change and regulations include increased costs for fossil-based electricity and fuels, which would affect all of our operations and our supply chain, including increased costs of goods sold.”

FT500 Response Rates for CDP5



This year, 383 (77%) of the 500 companies that received the CDP5 questionnaire responded with answers.

(ii) Response Rates to the CDP

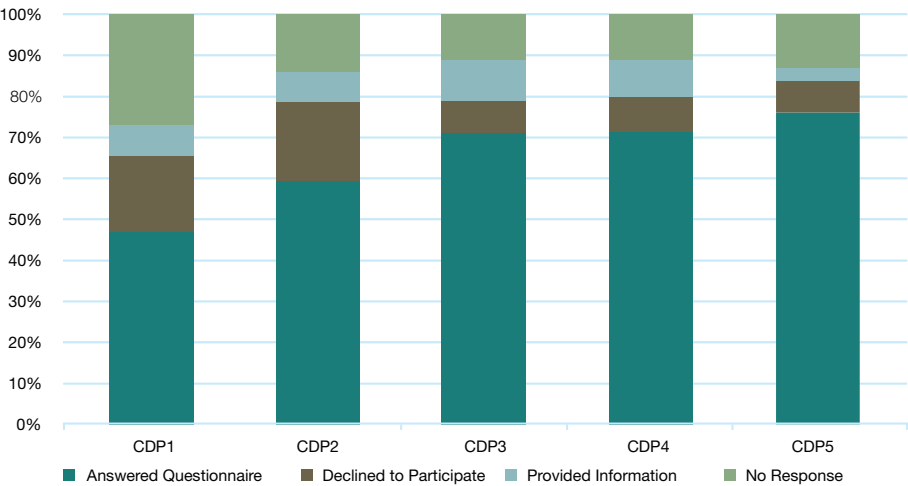
This year, 383 (77%) of the 500 companies that received the CDP5 questionnaire responded with answers. The response rate to CDP5 continues a trend in which responses have increased consistently throughout the various FT500 CDP iterations. The percentage of companies that answered the questionnaire for the previous four CDP reports are as follows: 72% in CDP4, 71% in CDP3, 59% in CDP2, and 47% in CDP1.

It remains difficult to determine with certainty which factors influence companies to participate in the CDP. However, the appreciable increase in response rates between this year's and last year's CDP suggests the concern that a threshold may have been reached in CDP4 was premature. In general, the achievement of a 77% response rate reflects the growing

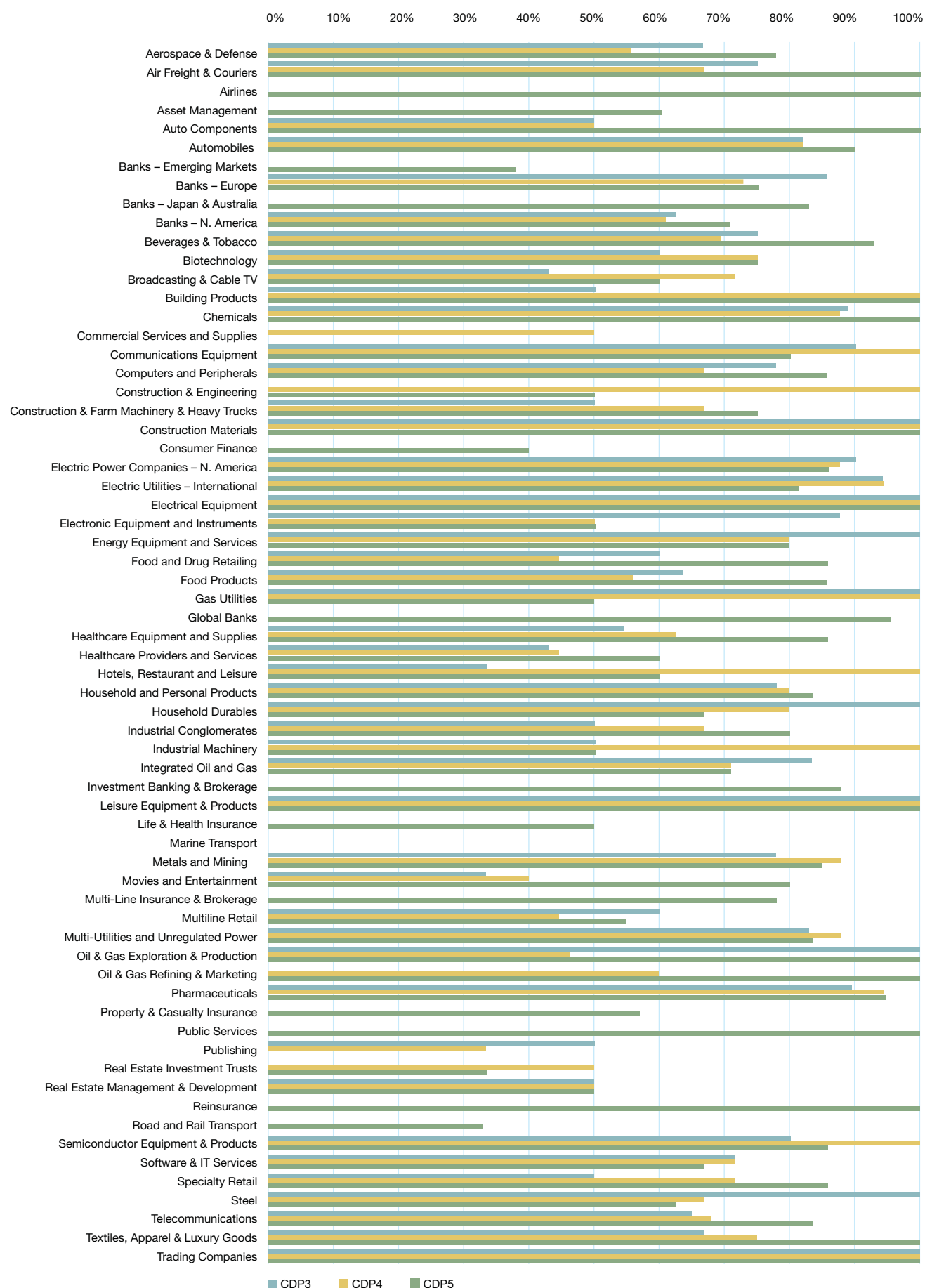
recognition of climate change as a critical issue for both companies and investors. It is not unreasonable to assume that the trend towards improved disclosure, which has been led by CDP over the past five years, will continue into the future.

Although improved response rates are expected, it is inevitable that a minority group of companies will continue to ignore the CDP information request. As in previous years, this group consists of a dwindling number of companies that have repeatedly declined to participate or neglected to respond. In addition, lower than average response rates are present for companies that are new to the FT500 index, and for companies based in emerging markets. However, as these companies become more familiar with the CDP request and as investor pressure continues to mount, firms in these categories are likely to respond at higher rates.

FT500 Response Rates for CDP1 to CDP5



FT500 Sector Response Rates to CDP3 – CDP5



Although the response rates for carbon-intensive sectors will likely remain on average higher than low-carbon sectors, it is important to note that the gap between the two groupings continues to narrow.

An analysis of response rates to CDP5 by sector demonstrates considerable divergence from the overall rate of 77%. The graph on page 23 illustrates the percentage of each industry sector that responded to the CDP3, CDP4, and CDP5 information requests.²²

As in previous years, sector specific response rates for carbon-intensive sectors were above average. Of the sectors with five or more companies in the FT500, only two, Chemicals (Diversified and Specialty) and **Oil & Gas Exploration and Production** had response rates of 100%. This finding points to the fact that carbon-intensive sectors continue to face higher levels of investor scrutiny and are more likely to experience the financial implications of current and future carbon regulation.

The table below illustrates the CDP5 response rates for several of the carbon-intensive sectors.²³

Given the regulatory and financial risks associated with carbon-intensive industries, investors should be cognizant of those sectors that fail to meet expected disclosure levels. Despite high response rates in CDP4, the **Gas Utilities** and **Construction & Engineering** sectors both had response rates at or below 50% in CDP5. Furthermore, the **Road & Rail Transport** sector continued its historic trend of not answering the CDP questionnaire.²⁴ Investors should be concerned about these sectors given their high emissions levels and exposure to regulation.

Overall, 77% of the FT500 completed the CDP5 questionnaire, but the response rate among most carbon-intensive sectors is significantly higher:	
Cluster	Response Rate
Aerospace & Defense	78%
Automobiles and Auto Components	92%
Chemicals (Diversified and Specialty)	100%
Construction Materials and Building Products	100%
Electric Power – North America	86%
Electric Utilities – International	81%
Integrated Oil & Gas	71%
Metals & Mining and Steel	76%
Multi-Utilities & Unregulated Power	83%
Oil & Gas Exploration and Production	100%
Pharmaceuticals	95%

²² Historical data for the following sectors was unavailable due to recent sector reclassifications: Airlines, Asset Management, Banks – Emerging Markets, Banks – Japan & Australia, Consumer Finance, Global Banks, Investment Banking & Brokerage, Life & Health Insurance, Marine Transport, Multi-Line Insurance & Brokerage, Property & Casualty Insurance, Reinsurance, Road & Rail Transport.

²³ The Road & Rail sector had been called Surface Transport in previous CDP iterations.

²⁴ The companies in these sectors that did not answer the CDP5 questionnaire were Gas Natural, ACS Actividades de Construcción y Servicios, Central Japan Railway, Norfolk Southern, and Union Pacific.

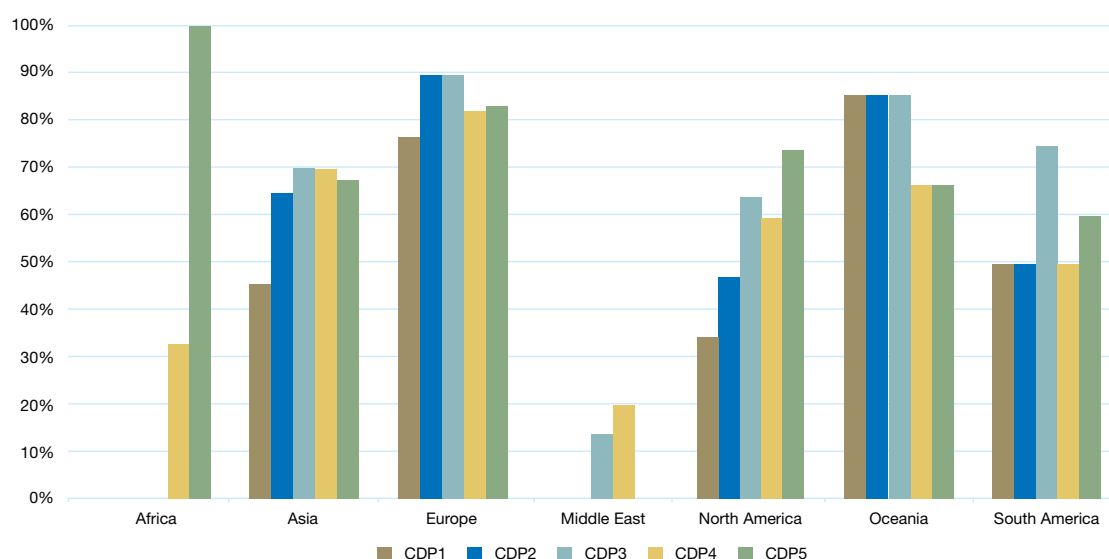
Although the response rates for carbon-intensive sectors will likely remain on average higher than low-carbon sectors, it is important to note that the gap between the two groupings continues to narrow.

A few notable exceptions include **Banks – Emerging Markets** and **Consumer Finance** which had response rates of 37% and 40% respectively. While the carbon-related risks facing these sectors are

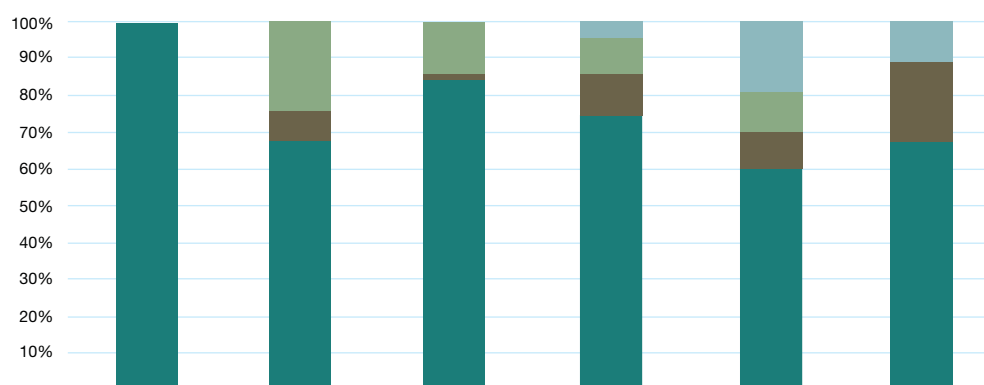
relatively limited, these companies should disclose how they are positioning themselves to capitalize on potential profit opportunities.

In an effort to determine whether response rates were influenced by region, a comparison of historical regional response trends and of current regional response trends was conducted. The results are displayed below.

FT500 Regional Response Rates to CDP1 – CDP5



CDP5 FT500 Response by Region



Region (number of companies)	Africa (3)	Asia (92)	Europe (169)	North America (217)	South America (10)	Oceania (9)
Provided Information	0	1	2	10	2	1
No Response	0	22	23	22	1	0
Declined to Participate	0	7	3	25	1	2
Answered Questionnaire	3	62	141	160	6	6
% Answered Questionnaire	100%	67%	83%	74%	60%	67%

Although the differences in the number of FT500 companies from each region make it difficult to develop conclusions, a regional comparison yields one crucial result. CDP5 marks the first time that the response rate for North America was within 20% of that for Europe. This year the overall response rate for North America was 73% compared to 83% in Europe. In general, the response rates for all regions except Asia increased compared to CDP4. However, North America clearly experienced the biggest increase.

Europe's leading response rate (not including Africa) reflects the fact that the region has a more consistent and advanced approach to climate change mitigation.²⁵ However, as the US continues to move closer to mandatory GHG emissions reductions, companies are beginning to recognize the importance of disclosure in this area. As a result low-carbon industries in the US are beginning to follow a pattern of strong disclosure that had previously been more common among carbon-intensive sectors.

It is also important to note that despite significant attention to China's growing contributions to global climate change, none of the seven China-based companies responded to the CDP5 questionnaire. Although several issues including the fact that the CDP5 questionnaire was not formally presented in Chinese could explain the lack of disclosure, this points to an overall gap in data from one of the most important countries in the global climate change sphere.

In general, the potential for new and increasingly stringent carbon regulations in Asia, Europe, North America, and Oceania will likely lead to an increase in regional and overall response rates.

²⁵ Russia was classified as part of Europe for the purposes of this report.

(iii) Key Trends from CDP Geographic and Sector Expansions

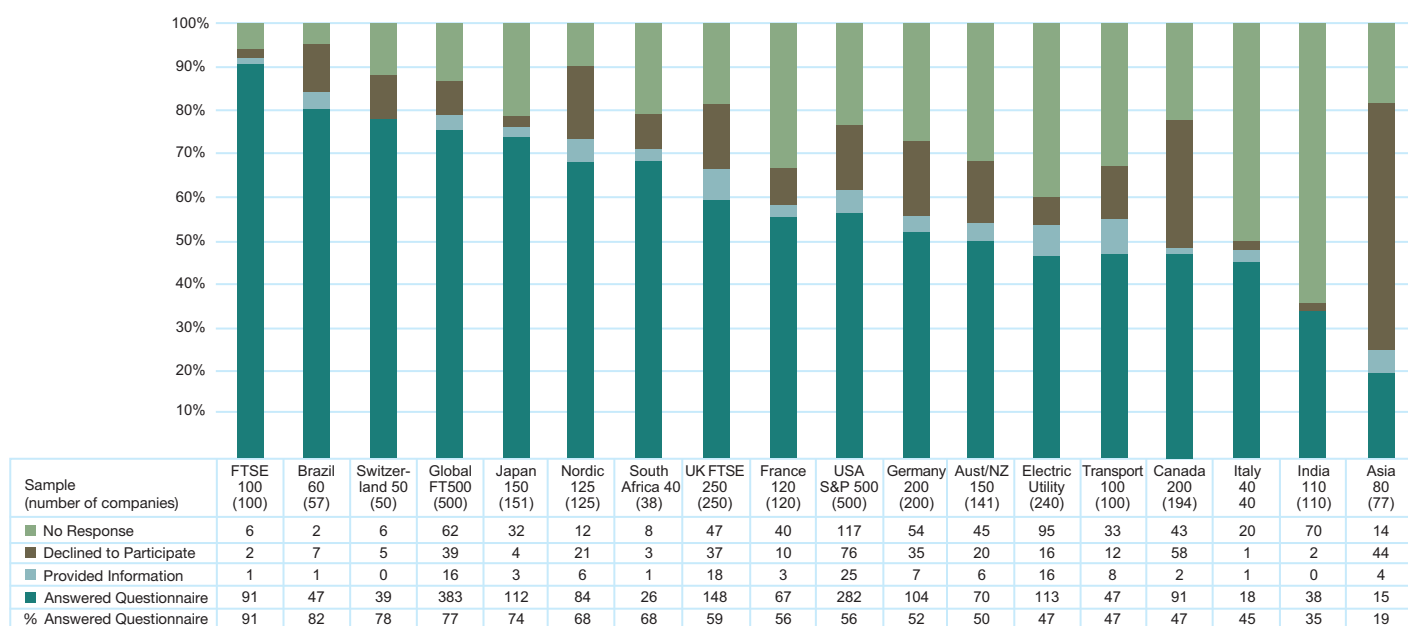
Following successful expansion in CDP4, the CDP5 universe was expanded even further in 2007 to include over 2,400 companies. This was made possible by 16 geographical and two sector expansions. This section provides details of these partnerships, the overall response rates, and some headline analysis of the key trends.

Please visit the CDP website www.cdproject.net in order to view and download the analytical reports based on the responses from the specific geographical locations. Reports will be available for the Asia, Australia & New Zealand, Brazil, Canada, France, Germany, India, Japan, Scandinavia, South Africa, Switzerland, UK and USA samples.

The key trends from CDP expansions highlighted in the table overleaf produce a number of interesting findings, including

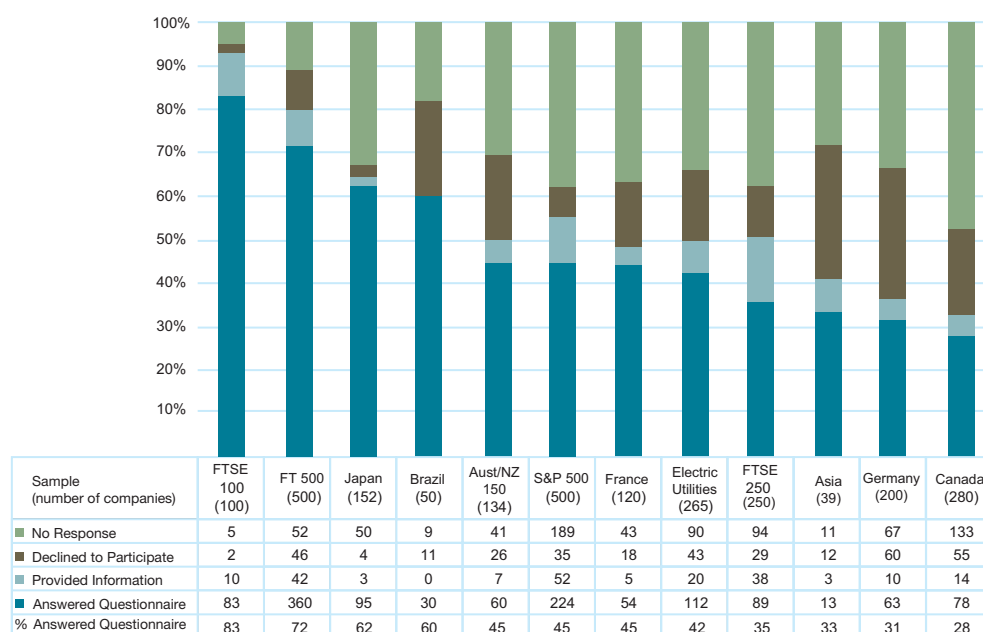
the fact that the majority of responding companies around the world see climate change as posing commercial risks. With the lowest rate of companies recognizing potential impacts showing 72%, it is telling that the majority of businesses are identifying climate change as an imminent threat. With the Brazilian rate at 100% of responding companies recognising hazards, the FTSE 100 at 98%, and the Australia & New Zealand 150 at 97%, these samples are showing that corporate awareness of risks is high.

CDP5 Response by Region / Sector



Unlike other analysis, the graph above reflects all responses received up to August 2007. The graph below shows the response rates from the various regions last year in CDP4.

CDP4 Response by Region / Sector



	Key Trends						Number of Responses Analysed**
	Responding companies that said they consider climate change to represent commercial risks	Responding companies that said they consider climate change to represent commercial opportunities	Responding companies that disclosed their GHG data	Responding companies that allocated board-level or upper management responsibility for climate change-related issues*	Responding companies that considered emissions trading opportunities*	Responding companies that implemented emission reduction programs with targets*	
Asia 80	77%	79%	49%	38%	47%	38%	15
Aust/NZ 150	97%	89%	60%	93%	77%	36%	68
Brazil 60	100%	100%	59%	59%	61%	52%	46
Canada 200	85%	86%	66%	53%	27%	24%	86
Electric Utility 250	90%	95%	79%	70%	54%	44%	113
France 120	88%	84%	72%	34%	31%	43%	67
FT500	80%	82%	79%	64%	46%	77%	378
FTSE100	98%	82%	83%	53%	38%	41%	91
FTSE250	83%	80%	69%	24%	2%	37%	151
Germany 200	77%	80%	67%	38%	20%	35%	104
India 110	79%	84%	39%	39%	47%	34%	37
Italy 40	89%	83%	89%	33%	33%	22%	18
Japan 150	78%	82%	95%	93%	69%	81%	112
S&P 500	81%	69%	65%	50%	36%	29%	269
Nordic 125	81%	80%	76%	41%	37%	23%	77
South Africa 40	80%	92%	56%	60%	44%	44%	25
Switzerland 50	72%	77%	72%	36%	15%	44%	39
Transport 100	83%	85%	77%	79%	42%	46%	48

If business wants to be a significant force in addressing climate change, it is equally important that corporations recognize the opportunity and potential to adjust to shifting markets, resource availability, government regulation and consumer demand. The recognition of business opportunities corresponds accordingly to the trends concerning risks, showing that the potential for development is already being integrated to corporate planning. In ten of the samples, the recognition of opportunities was actually higher than the recognition of risk, showing market foresight alongside possible product development.

It should be noted that the questions regarding management strategies and trading opportunities were only answered by corporations who completed the entire questionnaire (Section B). As it was not mandatory, this can account for the lower

percentages witnessed in the table outlining key trends above. Additionally, the question regarding emissions trading schemes is expected to be lower, with many companies falling outside the scope of such schemes. Interestingly, the number of companies in developing countries such as Brazil, India and South Africa who see emissions trading opportunities is higher than companies based in Europe showing high interest in the CDM market.

While the emissions target question is located within Section B, there is an opportunity for companies to disclose target information at the end of Section A, Question 1(d), so all responses should have been included in the analysis. All companies were asked if they have an emissions reduction target. Many companies do have reduction programmes

in place. However, the question specifically asks for targets and unless those were disclosed, the response was not counted in the analysis. As such, the average number of companies with a specific reduction target stands close to 50%, showing robust leadership in setting reduction targets. The FT500 and Japanese 150 companies stand out as the two samples working most stringently to limit their emissions. Whilst we have seen a great increase in the number of companies setting emission reduction targets, this remains an area for global improvement.

* Section B responders only

** some responses will have been received after this analysis was carried out, the analysis was carried out by different report writers

Country/Expansion	Partner	Web Address
Asia	Association for Sustainable and Responsible Investment in Asia (ASRIA)	www.asria.org
Australia & New Zealand	Investor Group on Climate Change (IGCC)	www.igcc.org
Brazil	Banco ABN Amro Real	www.abnamro.com
Brazil	ABRAPP	www.abrapp.org.br
Brazil	Fabrica Ethica	www.fabricaethica.com.br
Canada	Conference Board of Canada	www.conferenceboard.ca
Electric Utilities	CDP Secretariat	www.cdproject.net
France	AXA	www.axa.com
France	Agence de L'Environnement et de la Maitrise de l'Energie (ADEME)	www.ademe.fr
France	BNP Paribas	www.bnpparibas.com
Germany	BVI Bundesverband Investment und Asset Management e.V	www.bvi.de
Germany	WWF Germany	www.wwf.de
India	Confederation of Indian Industry	www.ciionline.org
India	WWF India	www.wwfindia.org
Italy	CDP Secretariat Europe	www.cdproject.net
Japan	CDP Secretariat Japan	www.cdproject.net
Nordic Region	CDP Nordic Secretariat	www.cdproject.net
Nordic Region	KLP	www.klp.no
Nordic Region	Folksam	www.folksam.se
Nordic Region	Nutek (Swedish Agency for Economic & Regional Growth)	www.nutek.se
South Africa	Incite	www.incite.co.za
South Africa	National Business Initiative (NBI)	www.nbi.org.za
Switzerland	Ethos	www.ethosfund.ch
Switzerland	Pictet Asset Management	www.pictet.com
Transport	CDP Secretariat	www.cdproject.net
UK	Department for Environment, Food and Rural Affairs (DEFRA)	www.defra.gov.uk
UK – Adaptation	UK Climate Impacts Programme	www.ukcip.org.uk
U.S.	Merrill Lynch	www.ml.com

CDP extends it's sincere thanks to all of our partners and sponsors around the world for making the CDP process a global success.

5 The CDP5 questionnaire reflects the increased levels of sophistication that investors are requiring in corporate disclosure on climate change. This year, the questionnaire focused on the following topic areas:

- a. Climate Change Risks, Opportunities, and Strategy
- b. Greenhouse Gas Emissions Accounting
- c. Greenhouse Gas Emissions Management
- d. Climate Change Governance.

Summary of Key Findings

This section of the report provides an analysis of FT500 responses to the CDP5 questionnaire in relation to ten key factors.

(i) Exposure to GHG Regulation

As the Kyoto Protocol prepares to enter the 2008–2012 commitment period and the EU ETS nears Phase II, an increasing number of carbon-intensive FT500 companies will be exposed to GHG emissions regulations. In an effort to prepare for current and future carbon constraints, several leading firms have integrated estimated carbon costs into capital spending and project planning models. Meanwhile, many industry analysts have redefined their valuation models to assess companies' exposure to carbon risks and opportunities.

In previous CDP iterations, analysis was conducted to estimate the financial implications of the “monetization” of GHG emissions for FT500 companies. However, given the information available through CDP disclosure, this analysis requires several assumptions and predictions that ultimately make specific conclusions unreliable. The uncertainties that surround this type of analysis stem from the following factors: 1) Emissions projections based on the historical data provided to the various CDP iterations do not necessarily yield an accurate assessment of how a company is likely to perform in the future. 2) Since most carbon-intensive companies have facilities in different regions, a scenario analysis in which cost estimates are based on a reduction from total emissions does not present an accurate assessment of potential financial impacts. 3) Under current and proposed regulatory schemes, companies

are given a specified number of allocations. Since the disclosure of corporate emissions allocations continues to be limited, it is difficult to determine by how much companies will actually be required to reduce emissions.

Given these specific uncertainties and assumptions and a lack of required data, a financial exposure analysis was not replicated this year. However, an analysis of historical performance and a projection of future GHG emissions do provide the reader with interesting insight into the challenges that carbon-intensive companies will face in light of mandatory emissions reductions. To illustrate this point, an analysis was conducted to demonstrate emissions projections for several companies based on historical data provided to CDP1 – CDP5.

This analysis involved the following steps:

- a. Companies' annual Scope 1 and 2 CO₂e emissions were recorded from 2001–2006.²⁶
- b. Based on the data provided for 2001–2006, a linear regression was used to project companies' global CO₂e emissions 6 years forward to the year 2012.²⁷
- c. An alternate linear regression was conducted that excluded the most aberrant data point from 2001–2006.²⁸
- d. Finally, a hypothetical reduction target was calculated for each company by reducing the average of the companies' five highest emissions years by 10%.

²⁶ Scope 3 emissions were not included in the analysis due to a lack of historical data.

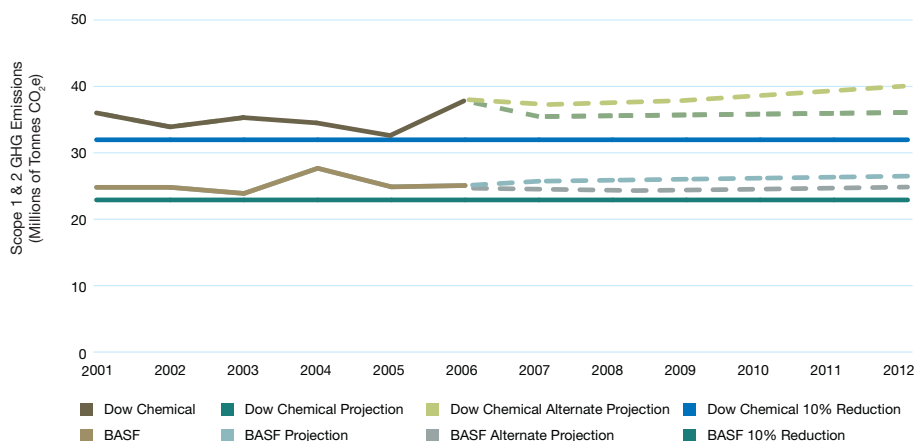
²⁷ The projections for the 2006–2012 period therefore mirror both the growth rate observed in the 2001–2006 period, and the growth rate observed during the 2001–2006 period not including the most aberrant point.

²⁸ The rationale for dropping the most aberrant data point is to mitigate potential distortions caused by typically steep changes in the historical emissions data that may be due to such occurrences as: interruptions in operations, significant divestitures or acquisitions, and implementation of new technologies.

FT500 companies reported more than 39.4 million tonnes of surplus emissions credits, valued at USD 11.9 million.

Below is a sample of the resulting analysis from the **Chemicals** cluster.²⁹

Historical and Projected Emissions in the Chemicals Cluster



An analysis of projected GHG emissions demonstrates two key points.

- Despite exposure to current regulation and reported efforts to reduce GHG emissions, historical trends suggest that a majority of companies in carbon-intensive sectors will experience overall increases in total emissions through 2012. The most dramatic projected increases tend to occur in those sectors that have the highest exposure to current and future GHG regulations such as **Electric Utilities – International, Metals & Mining**, and **Integrated Oil & Gas**.
- The risk differential within each sector is noticeably high. For example, in the **Electric Power Companies – N. America** sector a few firms will be below the hypothetical 10% reduction target while a majority of firms are predicted to experience significant emissions increases. This trend points to the fact that sector peers will likely experience varying costs of compliance under any current or future regulatory regimes.

In general, an analysis of projected GHG emissions reveals the fact that it is critical for analysts and investors to look beyond historical GHG emissions data when assessing companies' future positions with respect to carbon performance. Any substantive analysis must also consider: what strategies companies are undertaking to manage

their risk exposure and to capitalize on upside opportunities; the ability of companies to manage their carbon footprint; and the overall exposure to current and future GHG regulations.

Although disclosure on the financial implications of current GHG regulations remains incomplete, an analysis of the reported impacts of the EU ETS reveals several interesting results.

This year, 37% of companies that responded to Section 'B' of the CDP5 questionnaire reported the number of emissions allocations that they were granted under Phase I of the EU ETS. 81% of these companies further disclosed whether they experienced a shortfall or surplus of emissions allocations. In general, an analysis of these responses reflects the over-allocation of emissions credits that characterized Phase I of the EU ETS.

FT500 companies reported more than 39.4 million tonnes of surplus emissions credits, valued at USD 11.9 million, to CDP5.³⁰ Perhaps, even more notable, is the fact that only 21% of responding companies experienced a shortfall in emissions credits. An analysis of reported shortfalls and surpluses indicates that the single largest reported surplus occurred in the **Integrated Oil & Gas** sector, while the most significant shortfall occurred in the **Electric Utilities – International** sector. Although these results provide

²⁹ The Chemicals cluster comprises the Diversified Chemicals and Specialty Chemicals sectors. Both BASF and Dow Chemical are classified as being in the former.

³⁰ The value calculated is based on the Phase I EUA price of USD 0.30, which was current at the time of writing.

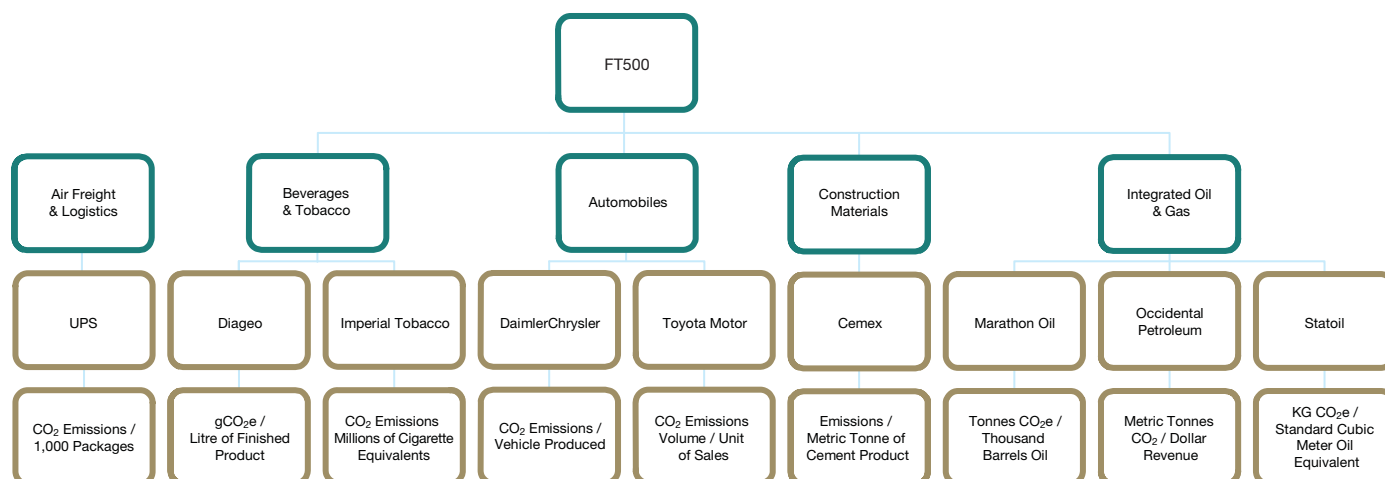
insight into the sectors that experienced the most significant impacts under Phase I, it is important to note that a majority of carbon-intensive sectors covered by the EU ETS had companies that experienced shortfalls and others that experienced surpluses.

The fact that individual companies within specific sectors reported vastly different financial implications under the EU ETS further illustrates the importance for investors to understand the various nuances of carbon regulations and to factor these into investment decisions.

(ii) Emissions Intensity

Although a company's absolute level of GHG emissions is a key factor in assessing its overall carbon risk profile, it is also critical to understand how efficiently a company is producing its goods and services or using resources with respect to total emissions. In an effort to provide this information for investors, the CDP5 questionnaire requested that companies answering Section 'B' disclose which measurement best describes their company's emissions intensity performance. The following graphic illustrates some of the measures used by selected FT500 companies in different industry sectors.

Select Emissions Intensity Methodologies



Companies in CDP5 reported a total of 6,977,346,712 tonnes of GHG emissions, more than double the 3,343,618,288 tonnes in CDP4.

The total GHG emissions reported to the CDP increased by more than 250% from 2001 to 2006.

In addition, carbon-intensive sectors were requested to disclose data on their historical and current emissions intensity, and to reveal any relevant targets. 42% of responding companies provided some data on emissions intensity. An analysis of FT500 responses demonstrated that companies in both carbon-intensive and low-carbon sectors measured and reported information on emissions intensity. However, the sectors that had the highest disclosure rates among responding companies were: **Electric Utilities – International** (92%), **Diversified Chemicals** (86%), and **Oil & Gas Exploration & Production** (83%).

Despite strong response rates in certain sectors, there remains an overall lack of consistent and historical data. In addition, the numerous methodologies used to measure intensity make a comparison difficult. Therefore, a separate analysis was undertaken to provide readers with an illustration of historical emissions intensity performance for several sectors. This analysis demonstrates actual emissions intensity for 2001–2006 by utilizing known Scope 1 and 2 emissions data (tonnes of CO₂e) and dividing this data by yearly sales figures (millions of USD).

Below is an example of this analysis for the **Multi-Utilities & Unregulated Power** sector.

This analysis demonstrates that although both Centrica and Suez have achieved noticeable reductions in emissions intensity

compared to 2004 levels, Centrica has historically released substantially fewer emissions for every million dollars in sales.

Additional examples also revealed specific cases in which companies with higher absolute GHG emissions outperformed sector peers with fewer absolute GHG emissions in terms of emissions intensity. This further illustrates the importance for investors to look beyond total GHG emissions when determining the risk profile of carbon-intensive companies.

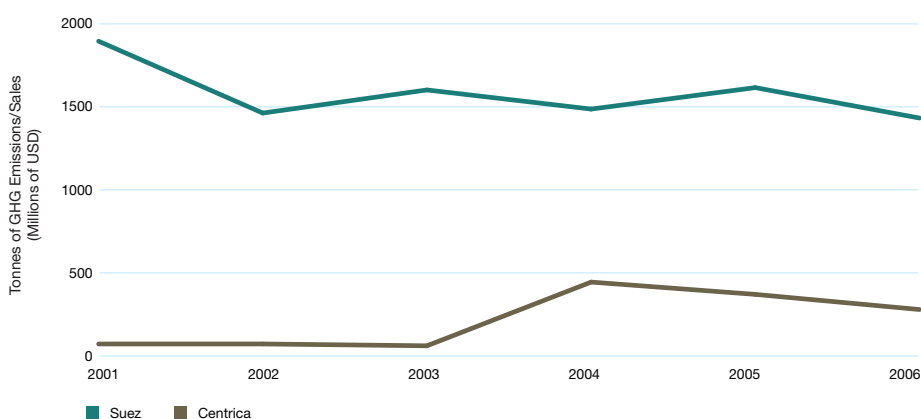
(iii) FT500 Emissions by Sector

In sum, companies in CDP5 reported a total of 6,977,346,712 tonnes of GHG emissions, more than double the 3,343,618,288 tonnes in CDP4. The total GHG emissions reported to the CDP increased by more than 250% from 2001 to 2006.

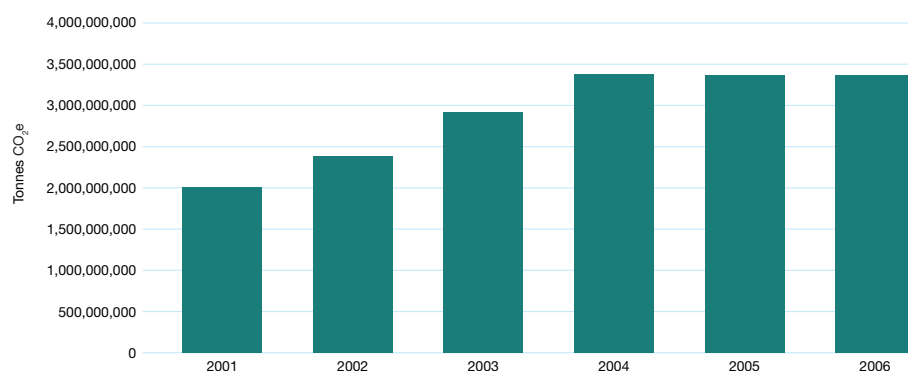
It is important to note that a majority of the reported increase can be attributed to improved accounting of Scope 3 emissions. This year marks the first time in the CDP's history that reported Scope 3 emissions were more than the combined total for Scope 1 and 2. However, given the remaining inconsistencies in Scope 3 disclosure, the analysis in this section will focus on Scope 1 and 2 emissions.

Overall, companies in CDP5 reported 3,345,752,040 tonnes of Scope 1 and 2 GHG emissions compared to 3,342,343,650 tonnes in CDP4. The following graph illustrates Scope 1 and 2 emissions from 2001–2006.

Sample Emissions Intensity in the Multi-Utilities & Unregulated Power Sector



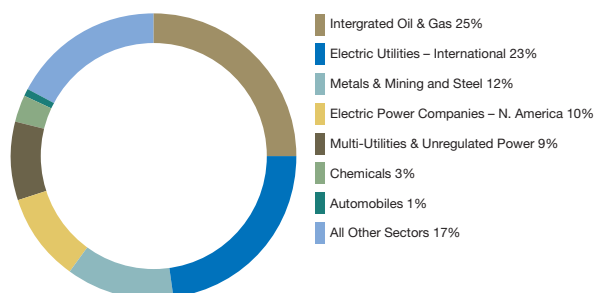
Total Scope 1 & 2 Emissions Reported to CDP



70% of the total Scope 1 and 2 emissions reported in 2006 occurred in just four sectors: Integrated Oil & Gas (25%); Electric Utilities – International (23%); Metals & Mining and Steel (12%); and Electric Power – North America (10%).

While the FT500 is comprised of 64 individual industry sectors, as categorized by Innovest, 70% of the total Scope 1 and 2 emissions reported in 2006 occurred in just four sectors: **Integrated Oil & Gas** (25%); **Electric Utilities – International** (23%); **Metals & Mining and Steel** (12%); and **Electric Power – North America** (10%).

Breakdown of 2006 Scope 1 & 2 Emissions by Sector

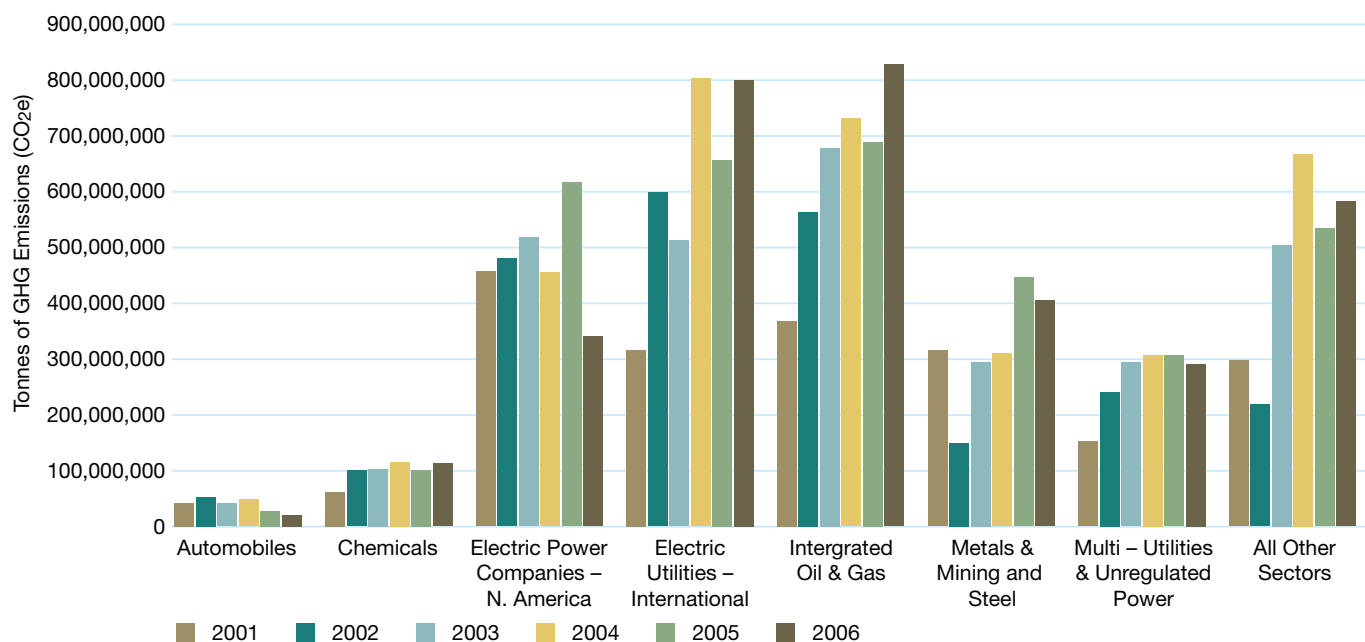


The above breakdown clearly illustrates that several carbon-intensive sectors account for an overwhelming majority of FT500 emissions. As a result, investors should recognize that these sectors are most likely to be targeted by current and future GHG regulations.

The following graph illustrates the total Scope 1 and 2 emissions reported by several carbon-intensive sectors to the CDP from 2001–2006.³¹

³¹ Although a majority of companies reported 2006 data to CDP5, some only reported 2005 data. Therefore, there are small fluctuations in annual data between different CDP iterations.

Carbon-Intensive Industry Scope 1 and 2 Emissions 2001 – 2006



Reported Annex B emissions fell from 2.05 billion tonnes in 2005 to 1.46 billion tonnes in 2006.

This analysis further illustrates the fact that four industry clusters have accounted for a significant percentage of Scope 1 and 2 emissions reported to the various CDP iterations. In addition, the above graph demonstrates that emissions from most carbon-intensive sectors are trending upward from reported 2001 levels. This is likely a reflection of the economic growth sustained in these industries over the last six years and a function of improved disclosure practices.

(iv) FT500 Emissions Occurring in Annex B Countries and the EU ETS

In addition to their global emissions, companies participating in CDP5 were asked to disclose information on their emissions occurring in Annex B countries of the Kyoto Protocol. Furthermore, those companies answering Section 'B' were also requested to provide emissions data for facilities covered by the EU ETS. Of the 299 companies that reported global emissions data, 61% (n=181) disclosed Annex B emissions, and 23% (n=69) provided EU ETS emissions.

This year, 44% of Scope 1 and 2 emissions reported by FT500 companies occurred in Annex B countries. This represents a significant decrease from CDP4 when Annex B emissions accounted for 61% of all emissions reported by the FT500. As illustrated in the following table, reported Annex B emissions fell from 2.05 billion tonnes in 2005 to 1.46 billion tonnes in 2006.

It is important to note that changes in reporting may have affected these figures as well as changes in the distribution of emissions.

Year	Global Scope 1 & 2 Emissions Reported to CDP	Annex B Scope 1 & 2 Emissions Reported to CDP	Percentage of Global Emissions Occuring in the Annex B Countries
2006	3,345,752,040	1,462,043,166	44%
2005	3,342,343,650	2,050,451,309	61%
2004	3,401,344,499	1,225,862,672	36%
2003	2,914,866,965	1,422,751,715	49%
2002	2,379,784,098	879,829,093	37%
2001	1,988,999,793	297,331,381	15%

An analysis of reported emissions from facilities covered by the EU ETS reveals a similar trend to the one identified above. This year, these emissions totaled over 609 million tonnes and accounted

for approximately 24% of global Scope 1 emissions reported to CDP5. In CDP4, reported EU ETS emissions were 690 million tonnes or 45% of the FT500 total for Scope 1.

Year	Global Scope 1 Emissions Reported to CDP	EU ETS Scope 1 Emissions Reported to CDP	Percentage of Global Emissions From Facilities Covered by EU ETS
2006	2,579,583,806	609,794,603	24%
2005	1,533,724,748	693,040,142	45%
2004	563,902,522	432,047,786	77%

Based on the available information, the cause of the decrease in reported Annex B and EU ETS emissions cannot be determined with certainty. The historical variations in both absolute emissions and relevant percentages may, to some degree, be attributable to reporting discrepancies. However, this trend may also reflect actions being taken by companies to decrease their emissions in regions with existing or impending regulations. As a majority of Annex B countries prepare for the first commitment period of the Kyoto Protocol and the EU prepares for Phase II of the EU ETS, emissions reductions in these regions will continue to be evident in future CDP iterations. This trend will be further bolstered by the development of regional GHG reduction initiatives in the US, and the increasing likelihood of federal regulation.

(v) Quality of Emissions Data

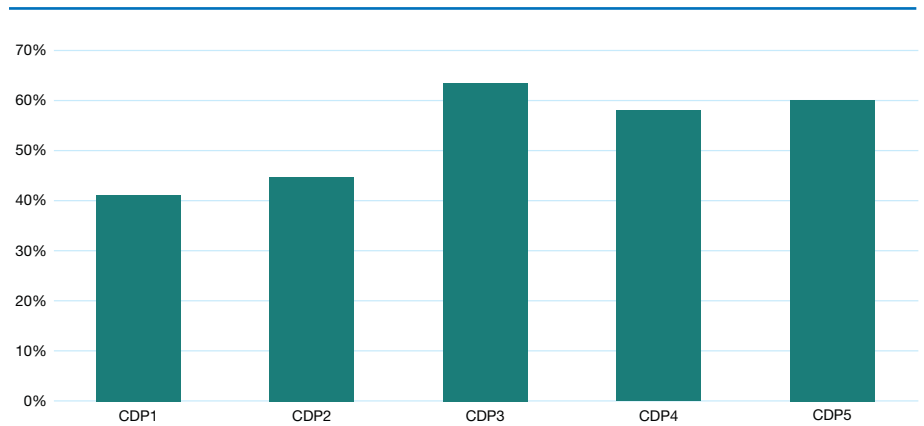
In order for investors to understand the risks and opportunities associated with carbon performance, it is essential that companies provide financial analysts with accurate data on GHG emissions. Although the responses to CDP5 suggest that accounting in this area continues to improve year-to-year, the data provided still falls short of the quality expected of traditional financial data.

The most significant challenge facing CDP remains a lack of disclosure. Although 79% of responding companies disclosed their emissions data (compared to 73% in CDP4, 77% in CDP3, and 75% in CDP2), CDP5 yielded data for only 60% of the FT500 (299 out of 500). This represents a significant increase from 48% in CDP4. However, it also demonstrates the considerable gap that remains in overall disclosure.

As a majority of Annex B countries prepare for the first commitment period of the Kyoto Protocol and the EU prepares for Phase II of the EU ETS, emissions reductions in these regions will continue to be evident in future CDP iterations.

Carbon-intensive sectors such as Construction Materials, Chemicals and Electric Utilities – International have maintained a disclosure rate above 80% since CDP3.

Percentage of FT500 Companies Providing Emissions Data



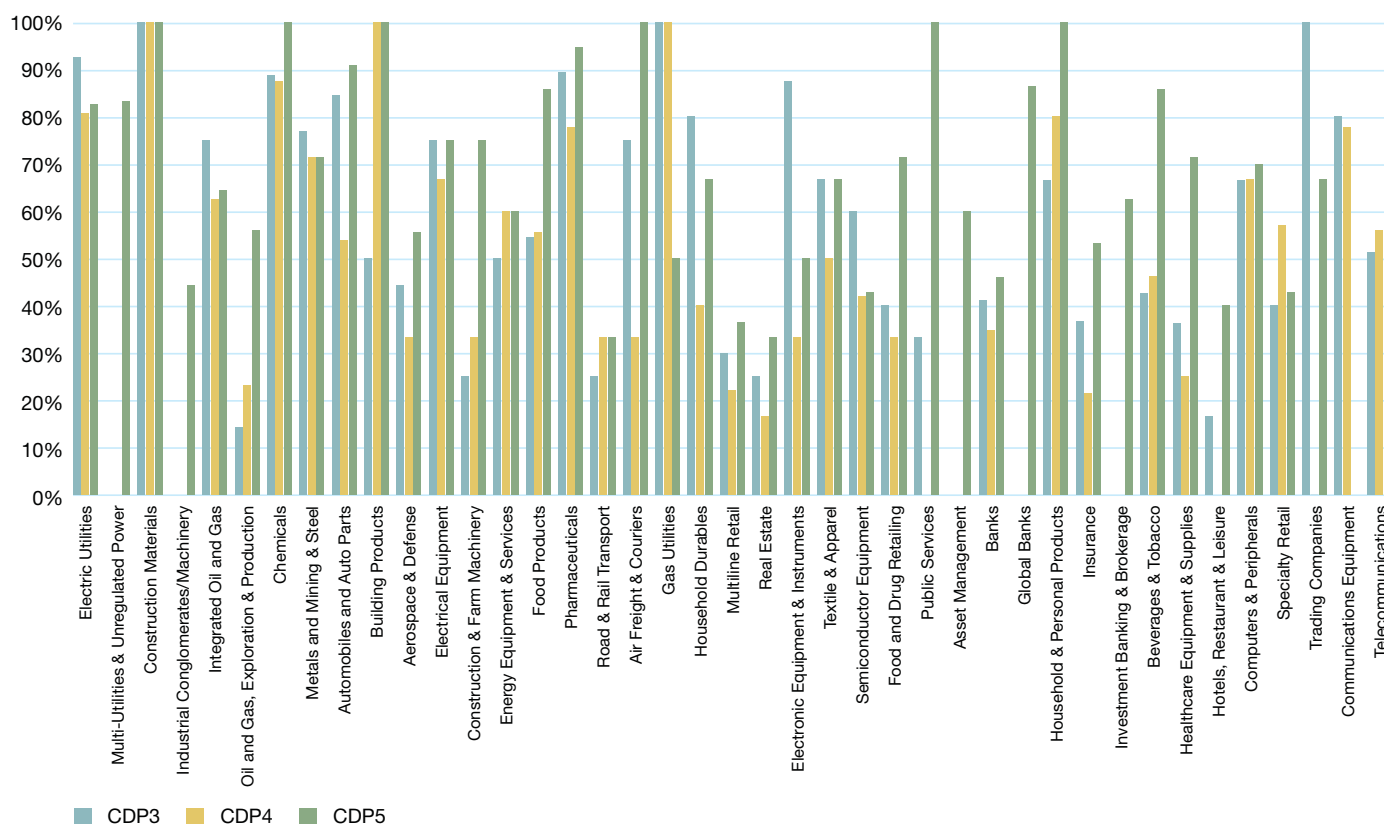
The lack of 100% disclosure suggests that many of the factors identified in last year's report persist. In general, the issues that continue to hinder corporate reporting in this area include: the absence of structured internal GHG reporting frameworks, particularly for companies in low-carbon sectors; and the lack of legislative action demanding carbon disclosure. Furthermore, the growing financial implications of companies' GHG emissions profile in carbon-intensive sectors may make some companies less likely to publicly disclose data, especially if the information is incomplete or has not been verified.

The lack of external verification presents another area of concern for investors. Although responses to CDP5 indicate that a growing number of companies are following standardized accounting procedures, most responding firms are yet to have their emissions data verified by third parties. As a result, investors should recognize that the data provided to CDP may not be an accurate representation of a company's actual carbon performance.

Furthermore, the lack of verification and the inconsistent use of accounting standards suggest that the disclosed data may not be comparable within and across sectors. Concerns over comparability are best exemplified by the degree to which FT500 companies report Scope 1, 2, and 3 emissions. The differences in the quality of reporting are clearly evident in analysis of emissions disclosure rates across sectors.

The following graph, which is ordered in terms of descending carbon-intensity, reveals that carbon-intensive sectors have better disclosure rates than low-carbon sectors, a common theme throughout previous CDP iterations. Carbon-intensive sectors such as **Construction Materials, Chemicals** and **Electric Utilities – International** have maintained a disclosure rate above 80% since CDP3. This data suggests that CDP has excelled in gathering data from companies in carbon-intensive sectors that have the most significant risk exposure.

Emissions Disclosure Within Individual FT500 Sectors CDP3 – CDP5



Exceptions to this trend are evident in the **Industrial Conglomerates and Machinery** and **Oil & Gas Exploration & Production** clusters, where emissions disclosure is below average for carbon-intensive sectors. The sector response rate for **Industrial Conglomerates & Machinery** cluster is yet to exceed 45% for any of the CDP iterations, while **Oil & Gas Exploration & Production** reached the 30% mark for the first time this year. Low year-to-year disclosure should serve as a red flag for investors signaling that companies within these two sectors have not developed a mature carbon management strategy.

Investors should also note that there were several instances of individual companies within carbon-intensive sectors that failed to disclose emissions data, despite high disclosure rates from sector peers.

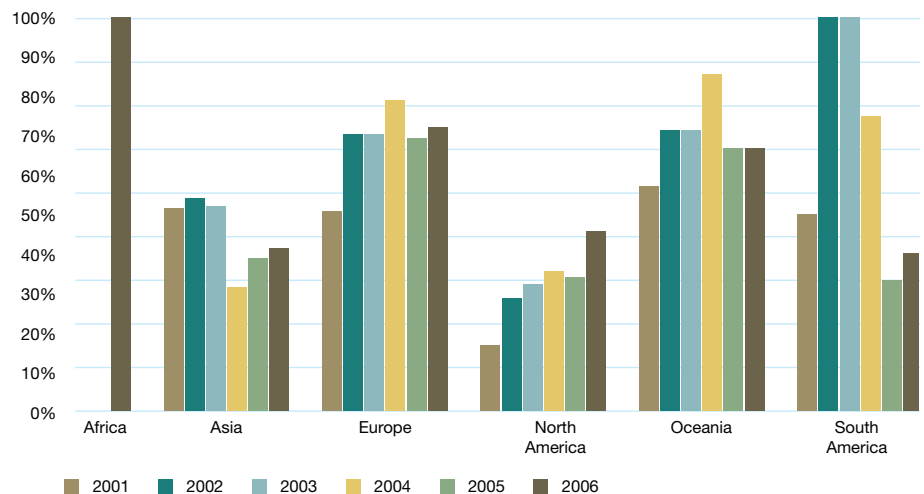
Examples include: **Monsanto** in the **Chemicals** sector; **Harley-Davidson** in the **Automobiles** sector; and **Teva Pharmaceutical** in the **Pharmaceuticals** sector.

A disparity also exists in the quality of emissions reporting throughout different geographic regions. Ever since the launch of CDP1, Europe and Oceania have demonstrated active disclosure of GHG emissions, with historic participation rates staying consistently above 50%. This year, more than 70% of European companies provided emissions data, while the response rate for Oceania was slightly below 70%. Another noteworthy development this year is that for the first time the emissions disclosure rate was higher for North America than it was for Asia and South America.

Since the launch of CDP1, Europe and Oceania have demonstrated active disclosure of GHG emissions, with historic participation rates staying consistently above 50%.

In CDP5, North America surpassed Asia for the first time. This may be an important indication that strategic management of climate change-related issues is finding its place in corporate boardrooms across North America.

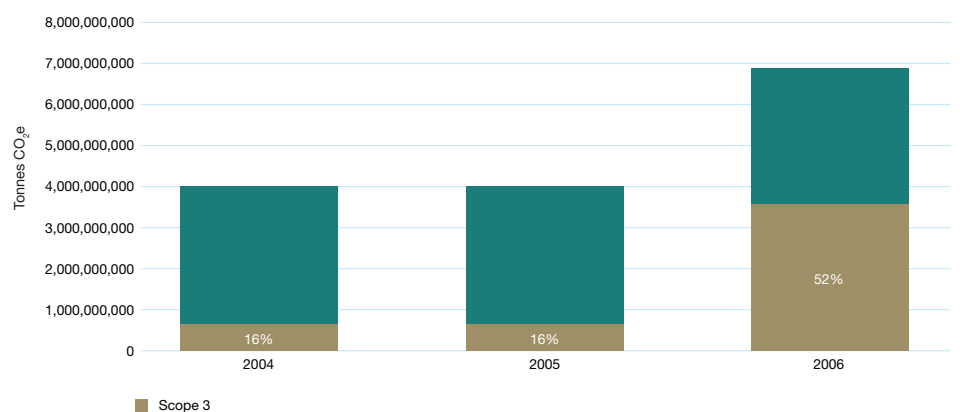
Percentage of Companies in Regions Providing Emissions Data



Investors should note that the disparity in the number of companies from each region when interpreting these findings. Companies in North America (n=217), Europe (n=169) and Asia (n=92) accounted for 96% of the FT500 index so investors should pay particularly close attention to shifting trends in these three dominant regions. Of these three regions, North America has historically had the lowest disclosure rates. However, in CDP5, North America surpassed Asia for the first time. This may be an important indication that strategic management of climate change-related issues is finding its place in corporate boardrooms across North America.

Another notable finding in CDP5, is the increase in the total amount of emissions reported. The total reported emissions (Scope 1, 2, and 3) for 2006 increased by 70.4% compared to 2005. An analysis of reported emissions reveals that this spike in overall reported emissions was the result of an increase in companies' Scope 3 emissions disclosure. The chart below illustrates that in CDP5, while the amount of reported Scope 3 GHG emissions surged by 2.96 billion between 2005 and 2006, Scope 1 & 2 emissions stayed relatively constant.

Scope 3 Emissions as a Percentage of Total Reported Emissions

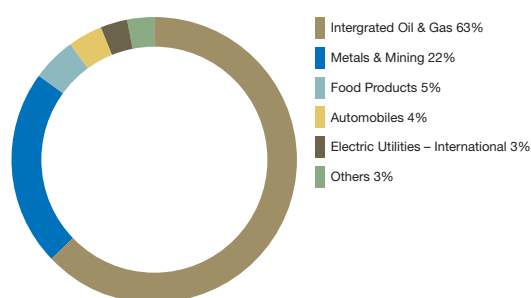


An analysis of reported Scope 3 emissions by sector reveals another important finding. Two carbon-intensive sectors account for 85% of total reported Scope 3 emissions with 63% from **Integrated Oil & Gas** and 22% from **Metals & Mining**. Furthermore, within these two sectors only ten companies out of 44 reported Scope 3 emissions. Simply put, in CDP5 the reported Scope 3 emissions from ten companies from two carbon-intensive sectors accounted for over 44% of the total reported GHG emissions.

Two carbon-intensive sectors account for 85% of total reported Scope 3 emissions with 63% from Integrated Oil & Gas and 22% from Metals & Mining.

As more companies continue to standardize and verify their reported emissions, investors will be better able to use the data collected by CDP to help assess companies' carbon performance and risk exposure.

CDP5 Scope 3 Emissions Sector Breakdown



In general, as more companies continue to standardize and verify their reported emissions, investors will be better able to use the data collected by CDP to help assess companies' carbon performance and risk exposure.

(vi) Key Sector Trends

Below are examples of key sector trends that were identified for each of the 10 sectors and clusters that this report highlights for extra analysis. More comprehensive sector-specific analysis is available in Appendix I of the online version of this report.

Automobiles and Auto Components

- **Broadening Scope of Alternative Drivetrain Development.** As research continues to strengthen the Automobiles sector's understanding of different drivetrain technologies, companies are establishing multi-faceted approaches to product portfolio diversification. **BMW**, which previously concentrated its product R&D purely on fuel cells and hydrogen technologies, has partnered with **General Motors** and **DaimlerChrysler** to develop hybrid electric vehicles. **DaimlerChrysler's** 'roadmap' toward sustainable mobility outlines clean combustion engines as its short-term goal, hybrid and alternative

fuel vehicles as its mid-term goal, and emissions-free fuel cell vehicles as its long-term goal. Similar strategies are evident in responses from **Honda**, **Renault** and **Toyota**.

Chemicals (Diversified and Specialty)

- **Product Development Responds to Climate Change.** Although many of the implications of climate change are yet to be realized, Chemical companies are developing products that will help society adapt to and mitigate the economic loss associated with the predicted effects. **DuPont** developed SentryGlas and Kevlar StormRoom technologies to help protect customers against hurricane-force winds and airborne debris. In the company's CropScience subgroup, **Bayer** is developing new drought resistant crops and crop protection products that improve yields and expand arable land. As part of its biofuels program, **Monsanto** is working to improve crop yields per acre for the corn used in ethanol production.

Electric Power Companies – N. America

- **Sector Leaders Continue to Expand Renewable Energy Portfolios.** In response to growing consumer demand, regulatory pressure, and increasing fuel prices, **Electric Power** companies

FPL Group, the largest developer of wind energy products in the United States, owns over 4,015 MW of wind generation in 16 states.

Unilever has partnered with several stakeholder groups to develop sustainable agriculture programs that focus on ways to improve farming efficiency and minimize water use.

Goldman Sachs has invested over USD 1.5 billion in alternative energy projects in the US, Europe, and Asia.

continue to expand their renewable energy generating capacities. **FPL Group**, the largest developer of wind energy products in the United States, owns over 4,015 MW of wind generation in 16 states. In addition the company builds 150 kW of solar capacity in Florida for every 10,000 customers that sign up for its Sunshine Energy program. **Duke Energy** plans to expand its renewable energy generating capacity to 2,100 MW by 2012. **Entergy** owns 80 MW of wind capacity. **Exelon** owns and purchases renewable energy from sources including wind, landfill gas, and hydroelectric.

Electric Utilities – International

- **Changing Weather Patterns Lead to New Investments.** Long-term increases in energy demand and water shortages associated with climate change are compelling companies to invest more heavily in increased capacity and improved transmission and distribution networks. **Fortum** launched a EUR 200 million Reliability Investment Program in 2005, to increase its distribution network reliability and halve average yearly outage time by 2011. **Chubu** is ensuring reliable power supply through planned fuel procurement, expanding fuel-related infrastructures, and establishing a power generation and distribution plan. **Iberdrola** and **E On AG** made similar commitments to improve their grid management and usage of power stations in an effort to minimize potential fluctuations in operations and revenues.

Beverages & Tobacco, Food Products, and Food & Drug Retailing

- **Growing Awareness of Physical Risks Associated With Climate Change.** The increased frequency and intensity of extreme weather events has generated significant concern throughout the **Beverages & Tobacco** and **Food Products** sectors. Particular attention is given to the availability of future water resources. **Anheuser-Busch** is active in seed research design to develop crops that are resistant to extreme weather events and its Water Council manages water-related issues related to its supply chain, products, and local communities. **Heineken** developed its Aware of Water program to establish water usage targets for its facilities. **Unilever** has partnered with several stakeholder groups to develop sustainable

agriculture programs that focus on ways to improve farming efficiency and minimize water use.

Global Banks, Investment Banking & Brokerage, Asset Management, Banks – Emerging Markets, Banks – Europe, Banks – Japan & Australia, and Banks – North America

- **Financial Sectors Increase Investments in Renewable Energy.** The financing of renewable energy projects continues to allow companies in the financial sectors to address consumer concerns and lower indirect emissions. **JP Morgan** has invested USD 650 million in 26 wind farms in 13 states which provide enough energy to power approximately 600,000 homes. **Goldman Sachs** has invested over USD 1.5 billion in alternative energy projects in the US, Europe, and Asia. **Barclays**, which provides long term financing for over 2,600 MW of renewable energy projects, purchases 50% of its energy in the UK from renewables.

Insurance (Life & Health Insurance, Multi-Line Insurance & Brokerage, Property & Casualty Insurance, and Reinsurance)

- **Companies Develop Climate Change Risk Management Strategies.** In an effort to manage risks associated with asset allocation, companies in the **Insurance** cluster have demonstrated improvements in measuring their long-term exposure to climate related market losses. **Prudential** has introduced a carbon valuation mechanism into its investment decision which provides 'Buy', 'Sell', and 'Hold' decisions that take into account carbon cost. As a major property and casualty insurer, **Travelers Companies** is developing more accurate underwriting tools, such as catastrophe models, to establish appropriate exposure-based rates for insurance. **Munich Re** has formed a global weather risk business that offers capital market solutions, such as catbonds and weather derivatives, to mitigate the risks of the company's investment portfolio.

Integrated Oil & Gas, Oil & Gas Exploration & Production, and Oil & Gas Refining & Marketing

- **Sector Leaders Focus on Reducing Flaring and Venting.** In an effort to reduce GHG emissions, the **Integrated Oil & Gas** sector is working to reduce the flaring and venting of natural gas. **Chevron** is targeting eight flaring and venting reduction sites in order to significantly reduce its GHG emissions by 2010. **Total** aims to reduce flaring of associated gas 50% by 2012 compared to 2005. **Repsol YPF** has developed projects which would recover and utilize flare waste gases at a refinery in Argentina and an oil field in Ecuador to reduce emissions by a total of 324,000 tonnes per year.

Metals & Mining and Steel

- **Sector Turns to Energy Efficiency to Lower Emissions.** In an effort to reduce emissions and lower costs, **Metals & Mining** and **Steel** companies are investing in energy efficiency. **Anglo American** is replacing old furnaces with transalloy energy efficient ones, lowering emissions by 100,000 tonnes. Since aluminum ingot produced from recycled

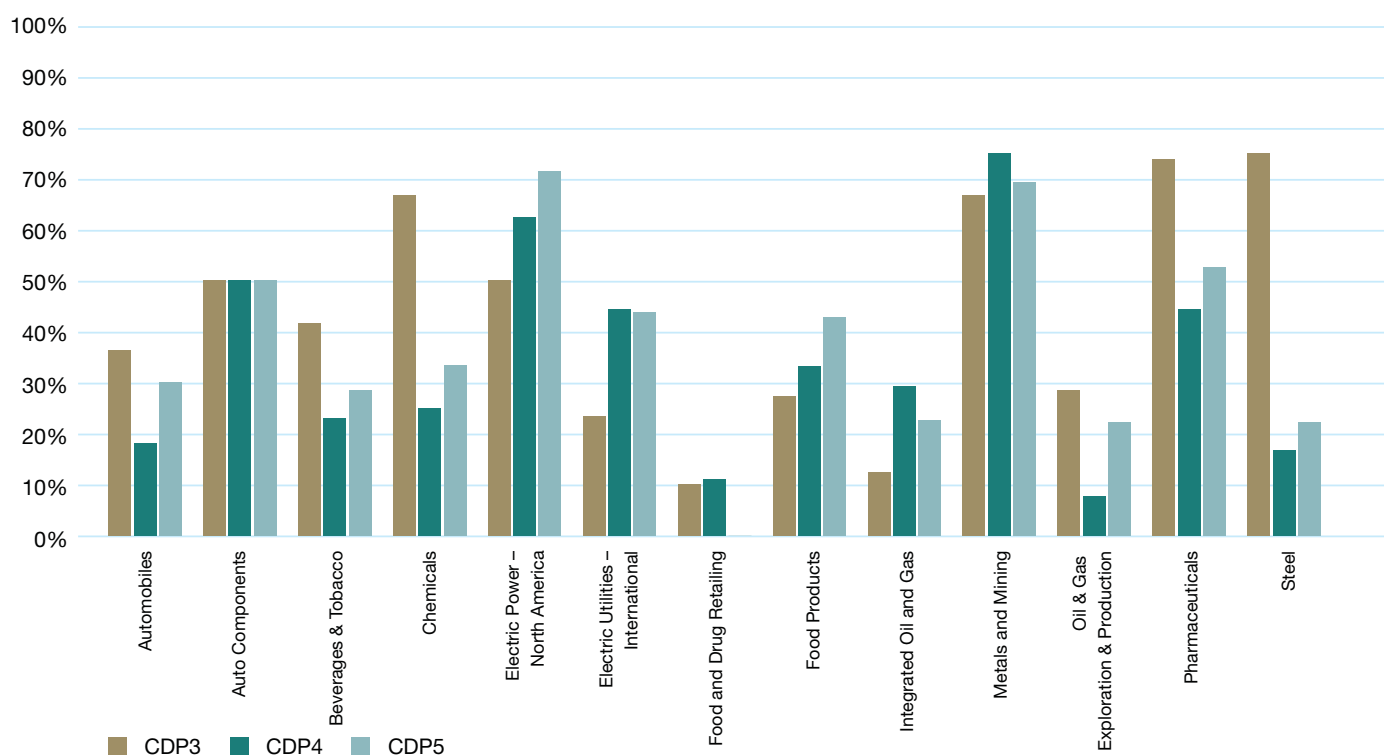
sources consumes 5% of the energy required for primary production, and releases 95% less GHG emissions, **Alcoa** increased its purchasing of recycled aluminum by 20% in 2006. A majority of **Alcan** smelters utilize High Amperage Low Energy (HALE), which increases electrical current in the smelting process to increase aluminum production levels with the same amount of electricity.

Multi-Utilities & Unregulated Power and Gas Utilities

- **EU ETS Creates Divergent Impacts.** Although Phase I of the EU ETS is widely considered to be imperfect, the allocation of carbon credits had noticeable financial impacts for companies in the **Multi-Utilities & Unregulated Power** sector. **Centrica** and **Suez** were able to profit from the over allocation of free carbon credits. While, **RWE** was required to purchase additional carbon credits in order to account for its shortfall in allocations. Companies in this sector continue to monitor developments in Phase II of the EU ETS to determine the potential financial implications of compliance.

In an effort to reduce GHG emissions, the Integrated Oil & Gas sector is working to reduce the flaring and venting of natural gas.

Percentage of FT500 Sectors Disclosing Energy Costs



The Integrated Oil & Gas sector accounted for 22% of the total FT500 reported energy costs.

(vii) Energy Costs

Companies answering Section ‘B’ of the questionnaire were asked to comment on the total annual costs of their energy consumption. This year, 50% (n=102) of responding companies disclosed this information compared to 38% in CDP4.

The total reported energy costs by FT500 companies in 2006 were USD 128 billion.

The graph below provides current and historical response rates for specific sectors.

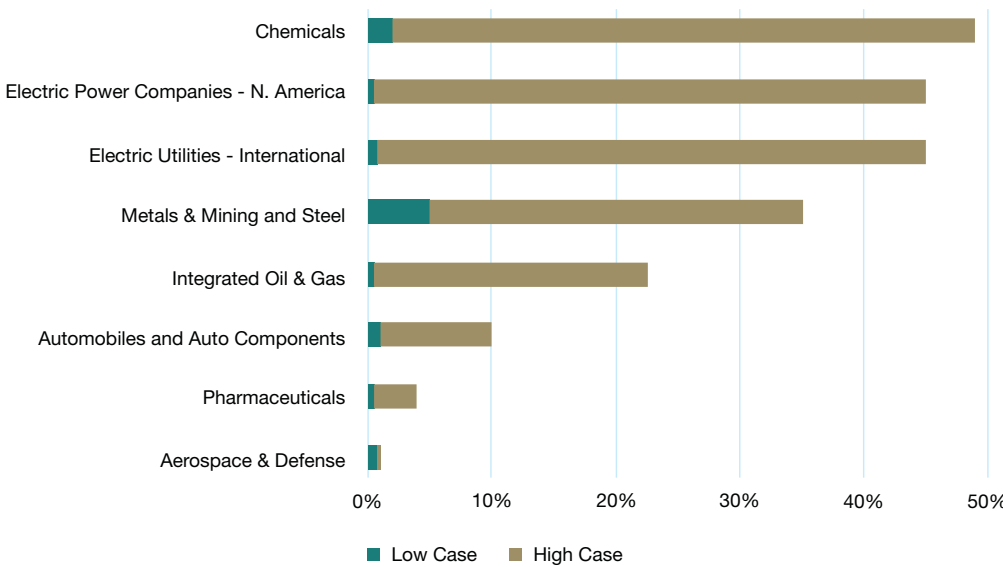
This analysis reveals several trends. First, the disclosure of energy costs data continues to vary widely across sectors. In general, a majority of the carbon-intensive sectors experienced a significant increase in response rates. However, the gap between different sectors remains consistent, and is worthy of investor attention. In particular, investors should note that energy intensive sectors including **Steel, Oil & Gas Exploration & Production**, and **Integrated Oil & Gas** had response rates just above 20%, while close to 70%

of the **Electric Power Companies – N. America** and **Metals & Mining** sectors disclosed data.

Another finding is that the discrepancy between disclosure rates across sectors is not necessarily indicative of energy intensity. Although the sectors with the highest response rates were energy intensive, a few low-carbon sectors achieved higher disclosure rates than those that have higher financial exposure in this area. For example, six out of 22 (27%) of **Global Banks** reported energy costs, while none of the **Road & Rail Transport** companies disclosed.

Perhaps the most interesting finding for investors is that despite poor disclosure, the **Integrated Oil & Gas** sector accounted for 22% of the total FT500 reported energy costs. For comparison, the 3 **Chemicals** companies that reported energy costs made up 19% of the total reported costs, while the 10 **Pharmaceuticals** that disclosed information accounted for only 1.5% of the total. In general, this analysis gives investors a sense of how material energy costs are across different sectors.

Energy Costs as a Percentage of Reported 2006 Operating Costs



In the CDP5 questionnaire, companies were also asked to report total energy costs as a percentage of total operating costs. While only 44% (n=89) of companies that responded to Section 'B' of the questionnaire commented, the data provided further emphasizes the importance for investors to consider energy costs in their investment decisions.

The graph above represents both differences in reported percentages within sectors and across sectors. More specifically, the lowest reported normalized energy cost for selected sectors is compared to highest reported normalized energy cost.

This analysis indicates that the **Chemicals, Electric Power Companies – N. America, and Electric Utilities – International** sectors reported the highest normalized energy costs. The high case in the **Chemicals** sector reported total energy costs of USD 22 billion, which accounted for 49% of total operating costs. In the **Electric Power Companies – N. America** sector, the high case spent USD 5 billion or 45% of total operating costs on energy. In contrast, the low case in the **Aerospace & Defense** sector disclosed total energy costs of USD 179 million, which accounted for 0.76% of operating costs.

An examination of normalized energy costs also illustrates the fact that significant disparities exist within each of the carbon-intensive sectors displayed above. The largest gap is found in the **Chemicals** sector, where the low case company's energy costs were 2% of total operating costs and the high case company's energy costs were 49% of total operating costs. This analysis suggests that sector competitors can face drastically different risks with respect to energy costs.

Given rising global energy prices, this analysis demonstrates the importance for investors to be aware of a companies' strategic approach to energy management. Although this data provides an interesting comparison point for all companies, it is most relevant for those in energy intensive sectors that have higher exposure to fluctuations in the global energy market. Since significant differences in normalized energy costs exist within sectors, investors should recognize this data as a tool to differentiate between the levels of risk exposure faced by industry competitors.

As the global response to climate change continues to evolve into regulatory frameworks, the price of energy will likely continue to rise. Therefore, the energy costs data gathered in this year's CDP should be viewed alongside GHG emissions data as a valuable indicator of current and future exposure to an increasingly carbon constrained global economy. This data is particularly relevant for carbon-intensive sectors and could help investors delineate which FT500 companies will be better positioned to address energy costs that are likely to become increasingly material.

The Chemicals, Electric Power Companies – N. America, and Electric Utilities – International sectors reported the highest normalized energy costs.

The most likely candidates for participation in CDM projects remain: a) firms that are based in high-impact sectors and have operations in developing countries such as **Electric Utilities – International**; and b) financial firms that are involved in advisory and carbon transaction services.

(viii) FT500 Involvement with CDM/JI

Responses to the CDP5 questionnaire indicate growing involvement in Clean Development Mechanism (CDM) and Joint Implementation (JI) projects among the FT500 companies. This upward trend can likely be attributed to the increased maturity of the CDM/JI process and to concern over more stringent Phase II EU ETS targets. Although responses to CDP5 indicate an upward trend, it is important to note that relatively few FT500 companies reported involvement in specific CDM/JI projects. This is likely a reflection of different factors including the limited strategic relevance of CDM/JI projects in low-carbon intensive industries; and the lack of exposure to current GHG regulations in many regions.

In general, the most likely candidates for participation in CDM projects remain: a) firms that are based in high-impact sectors and have operations in developing countries such as **Electric Utilities – International**; and b) financial firms that are involved in advisory and carbon transaction services.

Below are selected quotations taken from CDP5 responses that illustrate FT500 involvement in CDM/JI.

ThyssenKrupp AG said that it is investing in CDM/JI projects as a result of the expected tightening of Phase II EU ETS targets. The company responded that “due to a tightening in the draft German National Allocation Plan for the second trading period (2008-2012) we expect lower allocations in the future. Therefore ThyssenKrupp has engaged in CDM and JI projects to source reasonably priced Certified Emissions Reductions (CERs) and Emission Reduction Units (ERUs).”

Centrica said, “In 2006 we made a number of significant investments through the CDM and invested in the largest private fund in the carbon market. Centrica believes the CDM is crucial to engaging developing countries in emission reductions and has committed to further investments in this area.”

Endesa stated, “Endesa operates in the CDM and JI market through Endesa Climate Initiative, an initiative created by the company based on implementing a simple procedure for contracting with CDM and JI project developers, which cuts transaction costs and speeds up the process.”

Some companies reported expanding their management capacity around CDM/JI opportunities. As **Lafarge** stated, “A dedicated team headed by a Climate Change Initiatives Vice President has been created in 2006 to cover strategy, long term outlook, lobbying, global vision and coordination within the Group including the implementation of EU-ETS and the link with CDM/JI.”

The following table further summarizes FT500 companies’ involvement in the CDM/JI process as reported in CDP5:

Innovest Sector	Company	CDM/JI Project Discussed in CDP5
Banks – Europe	Dexia	Dexia has invested EUR10 million in the European Carbon Fund, which finances CDM/JI projects to gain carbon credits.
Banks – Europe	Unicredit Group	Unicredit Group is financing the 80 MW Tsankov Kamak hydropower project in Bulgaria.
Banks – Global	BNP Paribas	BNP Paribas is financing one CDM in Mexico and another in India.
Banks – Global	Citigroup	Citigroup provides funding to the Ecologic Development Fund to reforest reserves in Honduras and Panama.
Banks – Global	Standard Chartered	Standard Chartered finances the generation of carbon credits through the CDM process in countries such as India and China, for sale in the EU ETS.
Construction Materials	CRH	CRH has a JI at the Podilsky Cement Plant in Ukraine.
Construction Materials	Lafarge	Lafarge has a wind farm in Morocco which produces 50% of its Tetouan cement plant's electricity needs, saving 30,000 tonnes CO ₂ e per year.
Electric Power Companies – N. America	Duke Energy	Duke Energy is pursuing CDM registration of several electric generation related projects in Latin America.
Electric Utilities – International	Chubu Electric Power	Chubu is developing a project to generate power from palm oil biomass in Malaysia due to start operating in 2008.
Electric Utilities – International	E.ON AG	E.ON implemented a JI project for a gas transport pipeline between its German and Russian gas companies that avoided 447,000 metric tons of CO ₂ .
Electric Utilities – International	Iberdrola	Iberdrola installed wind farms in Mexico, Brazil, and Poland with a combined total generating capacity of 209.8 MW and expected reductions of 238,339 tons of CO ₂ per year.
Integrated Oil & Gas	Chevron	Chevron is running a geothermal plant in Indonesia which produces 330 MW of clean energy.
Integrated Oil & Gas	ConocoPhillips	ConocoPhillips is a non-operating partner in the Rang Dong oil field associated gas recovery and utilization project in Vietnam.
Integrated Oil & Gas	ENI	ENI is recovering associated gas and creating a reliable electricity source in Nigeria.
Integrated Oil & Gas	Petrobras	Petrobras is running a wind power plant in Brazil which has replaced two diesel electric generators and a mechanical pump eliminating 1,300 tonnes CO ₂ e.
Integrated Oil & Gas	Statoil	Statoil repairs leaks in the Kursk region of Russia to eliminate 1.2 million tonnes of CO ₂ e.
Metals & Mining	Alcan	Alcan purchased the first German CDM approved pilot project for the production of 1,000 solar units in Indonesia to generate 3,500 certified emission reductions.
Multi-Utilities & Unregulated Power	Centrica	Centrica executed the first ever Joint Implementation Emissions Reduction Purchasing Agreement with a New Zealand based project in 2006.
Multi-Utilities & Unregulated Power	RWE	RWE is investing more than EUR150 million in CDM/JI projects.
Multi-Utilities & Unregulated Power	SUEZ	SUEZ Energy International developed a small cogeneration facility (28 MW power and 25t/h steam) that was registered by the CDM EB in 2006.
Multi-Utilities & Unregulated Power	Veolia Environnement	Veolia Energy developed a biomass district heating portfolio JI project in Lithuania in 2004/05, and is analyzing CDM and JI projects in Latin America, Asia and Eastern Europe.
Specialty Chemicals	Praxair	Praxair is evaluating a GHG reduction project in Brazil that replaces a raw material sourced from petroleum with a raw material derived from a renewable source.
Steel	POSCO	POSCO invested in the construction of two small hydraulic power plants in Gwangyang, South Korea which produce .48 GWh of carbon free electricity per year.
Steel	POSCO	POSCO implemented forty-three windmills which generate 61 MW in Gang-Won province of South Korea.
Steel	ThyssenKrupp AG	ThyssenKrupp has built ten installations that use EnviNOx® technology, a process for removing GHGs from industrial waste gas streams. Most of these installations have been implemented as CDM or JI projects.

The fundamental premise of the CDP is once again validated. More specifically, this analysis suggests that shareholder pressure can work to improve both the quantity and quality of company disclosure.

(ix) Share Ownership

Following last year’s model, calculations were performed to determine the percentages of outstanding common shares in the FT500 companies held by CDP signatories.³² In an effort to determine the relationship between CDP signatory ownership and a company’s decision to answer the questionnaire, the results were grouped according to the four responses categories. A summary of these results is presented in the table below.

Although the analysis did not yield any definitive conclusions, it suggests that there could be some correlation between a company’s marginal propensity to interact with the CDP initiative and the percentage of their common shares held by CDP signatories.

This year’s average percentage of common shares held by CDP5 signatories among the FT500 as a whole is 14.23%, as compared to an average ownership percentage of 15.74% among companies that provided information to the CDP (ie. incomplete responses), 14.89% for companies that answered the questionnaire and 14.44% for companies that replied back informing that they would not participate this year.

By contrast, the percentage of average CDP signatory ownership among the 68 companies that did not respond this year is 10.93%, slightly below the overall FT500 average.

While this analysis does not support any kind of causal relationship, it does show that most companies that corresponded in some way with the CDP this year had an above average proportion of their

common shares held by CDP signatories. Since the same trend was identified in CDP4, the fundamental premise of the CDP is once again validated. More specifically, this analysis suggests that shareholder pressure can work to improve both the quantity and quality of company disclosure.

One interesting finding from reviewing the index-wide percentages is that, out of the 110 FT500 companies with 20% or more of their common shares held by signatories to the CDP, only 17 declined to participate or failed to respond to this year’s questionnaire. More significantly, 11 of these companies are based in the US. Given the fact that over one-fifth of these companies’ outstanding common shares are owned by the investors that are ostensibly requesting climate change related information through the CDP, the lack of disclosure in these cases should pose concerns for CDP signatories.

Additional concern on the part of CDP signatories should stem from the fact that, of the 29 companies with the highest CDP ownership rate that declined to participate or failed to respond, six are involved in carbon-intensive industries.³³ In light of the fact that these companies are more likely to experience the negative financial impacts associated with climate change, investors should be aware of their failure to disclose what steps are being taken to protect shareholder value.

Average percentage of common shares held by CDP5 signatories of companies that:	
Provided Information (n = 16)	15.75%
Answered the Questionnaire (n = 378)	14.89%
Declined to Participate (n = 38)	14.44%
No Response (n = 68)	10.93%

32 This analysis was limited to the 50 largest shareholders per company.
33 The seven companies referred to are: MMC Norilsk Nickel, Novatek, Nucor Corporation, Harley-Davidson, Valero Energy and PetroChina Company Ltd.

Companies that Failed to Respond or Declined to Participate in CDP5	Country	Innovest Sector	Percentage of Total Common Shares Held by CDP5 Signatories*
MMC Norilsk Nickel	Russian Federation	Metals & Mining	87.99
Novatek	Russian Federation	Integrated Oil & Gas	70.89
Sun Hung Kai Properties	Hong Kong	Real Estate Management & Development	49.01
Erste Bank der Österreichischen Sparkassen AG	Austria	Banks – Europe	37.85
Nucor Corporation	United States	Steel	31.08
Fannie Mae	United States	Banks – North America	25.7
China Life Insurance Co Ltd	China	Life & Health Insurance	25.04
Countrywide Financial	United States	Banks – North America	22.85
Costco Wholesale	United States	Multiline Retail	22.73
Harley-Davidson Inc	United States	Automobiles	22.61
Vornado Realty Trust	United States	Real Estate Investment Trusts	22.32
Valero Energy	United States	Oil & Gas Refining & Marketing	21.53
CBS Corporation	United States	Broadcasting & Cable TV	20.95
DirecTV	United States	Broadcasting & Cable TV	20.04
Chubb	United States	Property & Casualty Insurance	19.87
Federated Dept. Stores	United States	Multiline Retail	18.46
US Bancorp	United States	Banks – North America	18.14
Thermo Fisher Scientific Inc.	United States	Electronic Equipment & Instruments	17.77
Marriott International, Inc.	United States	Hotels, Restaurants & Leisure	17.72
Capitalia Spa	Italy	Banks – Europe	17.39
Electronic Arts	United States	Software & IT Services	17.29
Celgene Corporation	United States	Biotechnology	17.28
SLM	United States	Consumer Finance	17.23
PetroChina Company Ltd	China	Integrated Oil & Gas	17.21
Archer Daniels Midland	United States	Food Products	16.69
Allstate	United States	Property & Casualty Insurance	16.65
Loews Corporation	United States	Multi-Line Insurance & Brokerage	15.46
Kohls Corporation	United States	Multiline Retail	15.44

* based on analysis of 50 largest shareholders for company, therefore the 315 CDP signatories are likely to hold a greater number of shares.

76% (n=286) of respondents disclosed existing GHG emissions reduction efforts with targets and timelines.

Responding companies appear to have moved beyond awareness and have implemented carbon strategies.

(x) Gaps in Action

Responses to the CDP5 questionnaire indicate that actions to manage climate risks and to capitalize on associated opportunities are for the first time equal to awareness. As previously mentioned, 82% (n=300) of responding companies consider climate change to represent commercial opportunities, while 80% (n=300) report it to present commercial risks. These percentages remain largely consistent with those identified in CDP4, CDP3, and CDP2, and suggest that reported FT500 climate awareness remains constant.

However, unlike in previous years, responding companies appear to have moved beyond awareness and have implemented carbon strategies. In fact, 89% (n=335) of responding companies provided information on strategic initiatives that were developed to manage carbon risks and opportunities. Furthermore, 76% (n=286) of respondents disclosed existing GHG emissions reduction efforts with targets and timelines. This marks a dramatic shift from 48% in CDP4. Although it will remain to be seen how effective these strategies are, it is clear that responding companies have started to match disclosure and awareness with corporate action.

In addition, it is important to note that while the percentage of responding companies that disclosed emissions data decreased between CDP5 (79%) and CDP4 (84%), there was a significant increase in the absolute number of FT500 companies that disclosed this information. This year 299 companies provided emissions data compared to 264 in CDP4. These findings further strengthen the perceived relationship between awareness and action, as 99% of companies that considered climate change to present a commercial risk disclosed emissions data.

Given the design of the CDP5 questionnaire, it is difficult to assess trends between this year's and previous year's responses with respect to management responsibility and emissions trading.³⁴ However, CDP5 responses suggest that a gap remains between general climate awareness and the recognition of emissions trading opportunities, and the assignment of senior-level responsibility for climate related issues. This finding is of particular interest because the gap in action is evident in the carbon-intensive firms that responded to Section 'B' of the questionnaire.

Despite higher risk exposure among carbon-intensive sectors, only 64% of respondents allocated board-level or upper management responsibility for climate change. This indicates that general climate awareness does not mean that carbon management has been given the necessary management attention in carbon-intensive companies.

³⁴ Contrary to previous CDP questionnaires, only carbon-intensive companies were required to answer questions regarding emissions trading and climate related management in CDP5.

Similarly, of those companies that are most likely to be affected by existing and future carbon regulation, only 46% disclosed strategies for involvement in emissions trading or CDM/JI projects. This may in part be a reflection of the fact that major trading regimes such as the EU ETS are geographically isolated and not available to all companies. However, the increased likelihood of federal regulation in the US and the availability of voluntary trading regimes should propel companies to develop relevant strategies.

Despite higher risk exposure among carbon-intensive sectors, only 64% of respondents allocated board-level or upper management responsibility for climate change.

82% of responding companies considered climate change to present commercial opportunities, but fewer also...	CPDP5
Considered climate change to present commercial risks	80%
Disclosed GHG emissions data	79%
Implemented emissions reduction programs with targets	76%
Allocated board-level or upper management responsibility for climate change-related issues	64%
Disclosed strategies for emissions trading	46%

6 As with any major competitive restructuring driver, climate change brings with it not only risks but opportunities. Without question, one of the robust sets of climate-driven financial opportunities lies in the field of renewable and lower-carbon energy solutions.

FT500 Involvement in

Renewable Energy and Energy Efficiency

The following section summarizes FT500 involvement in renewable energy and energy efficiency. A more comprehensive analysis of companies' responses and global trends can be found in the online version of this report.

These trends have culminated in high levels of involvement in renewable energy purchasing, and increased participation in the development of renewable energy projects among FT500 companies.



renewable
energy
& energy
efficiency
partnership

(i) Renewable Energy

An analysis of corporate responses to the CDP5 questionnaire indicates that FT500 involvement in renewable energy appears to mirror global trends. This growth is being driven by a variety of market, regulatory, and political forces. These include:

- rising global energy costs which, at the margin, make renewable energy and energy efficiency solutions more economically attractive
- increasing consumer demand for sustainable energy
- the “enabling” role that clean technologies play in helping corporations meet tightening environmental regulatory requirements in areas such as emissions of pollutants and GHGs, waste management, etc.
- the capacity of renewable energy and energy efficiency to provide “energy security” by providing alternative energy solutions and by reducing demand
- the increasing stakeholder value placed on renewable energy purchasing from a brand value and social responsibility perspective
- the ability of energy efficiency measures to deliver cash flow, as investments in efficiency are “negative investments”.

In this year's CDP questionnaire, companies were asked to report the percentage of purchased energy from renewables. Overall, 34% (n=128) of respondents reported purchasing a portion of their energy from renewable sources. An analysis of FT500 responses demonstrates that renewable energy purchasing was most prevalent in carbon intensive sectors such as **Metals & Mining** (73%) and **Electric Utilities – International** (67%); and sectors that are heavily dependent on brand image such as **Multiline Retail** (75%) and **Global Banks** (67%).

An analysis of FT500 responses demonstrates that renewable energy purchasing was most prevalent in carbon intensive sectors such as **Metals & Mining** (73%) and **Electric Utilities – International** (67%); and sectors that are heavily dependent on brand image such as **Multiline Retail** (75%) and **Global Banks** (67%).

Below are two examples of company responses that highlight the importance of renewable energy purchasing.

Starbucks reported that “because the energy used to power our retail stores contributes the largest portion of our total GHG emissions (81%), we believe investing in renewable energy is the most effective means to offset our emissions. Therefore, our first step in emissions mitigation in 2005 was to purchase enough renewable wind energy, using renewable energy certificates (RECs), to match five per cent of the energy needed to power Starbucks company-operated stores in the U.S. and Canada. This translated to an emissions offset of 34.2 million pounds (15.5 million kilograms) of CO₂.”

Nike said, “We see value in reducing energy use, both from environmental and cost-savings standpoints. We take the savings and plug them back into our efficiency efforts, maximizing our investment. We have also made a substantial investment in renewable energy. We have steadily increased our purchase of direct renewable energy and renewable energy credits since 2001 and as of the end of calendar year 2006 cover approximately 52% of the electricity used by major Nike facilities.”

Responses to the CDP5 questionnaire also indicated increased FT500 participation in the development of renewable energy projects. Analysis demonstrates that companies make such investments for two primary reasons.

First, companies engage in renewable energy development to meet regulatory requirements, to decrease the general environmental intensity of their operations, thereby reducing GHG emissions, and to reduce overall energy costs.

In general, this type of involvement in renewable energy development is often reported by companies that operate under existing regulatory requirements for GHG emissions or under regulatory environments that are presumed to be tightening. The latter trend is most evident in the **Electric Power – N. America** sector, where 100% of respondents reported current or future involvement in renewable energy development.

Second, companies are engaging in this space with the intention of bringing renewable energy products and services to market in order to capture some of the growth potential discussed earlier in this chapter.

The following table identifies several FT500 companies that reported upside exposure to the emerging global renewable energy market.³⁵

35 This table was populated on the basis of purely qualitative, disclosure-based analysis.

Innovest Sector	Company	Renewable Energy Initiative
Aerospace & Defense	Boeing	Boeing has adapted its space solar cell for terrestrial concentrator systems.
Automobiles	BMW	BMW's Spartanburg plant acquires one-fourth of its electricity from methane gas derived from a local landfill.
Automobiles	Honda	Honda, in partnership with the Research Institute of Innovative Technology for the Earth, has produced a bio-ethanol fuel from soft-biomass, a renewable resource of plant derived material.
Automobiles	Honda	Honda is entering the market for solar cells designed for use in households and plans to promote their use in vehicles.
Banks – Global	Citigroup	Citi's Asset Finance Group financed wind projects in New Mexico and Minnesota with respective capacities of 120 MW and 15 MW.
Banks – Global	Credit Agricole	Credit Agricole participates in wind farm projects and has financed 336 MW of wind capacity over the past four years.
Banks – Global	Deutsche Bank	Deutsche Bank has financed 27 wind farm projects throughout the world and a 20 MW solar power plant in Spain.
Banks – Global	HSBC	HSBC was appointed the lead arranger and underwriter for a USD 45 million wind farm power project financing in India.
Banks – Global	JP Morgan	JP Morgan's own portfolio includes an investment of USD 650 million in 26 wind farms in 13 states, which provide enough energy to power approximately 600,000 homes.
Beverages & Tobacco	Ambev	Ambev is using biomass renewables as boiler fuel in four of its breweries.
Beverages & Tobacco	Anheuser-Busch	Anheuser-Busch operates Bio-Energy Recovery systems at ten of its breweries. These systems utilize anaerobic wastewater digesters that convert wastewater into renewable biogas, providing up to 15% of a brewery's fuel use.
Electric Power Companies – N. America	Duke Energy	Duke plans to expand its renewable energy generating capacity to 2,100 MW by 2012.
Electric Power Companies – N. America	FPL Group	FPL Group has 52 wind facilities – located in 16 states – with a combined capacity of more than 4,015 MW and 310 MW of solar generation capacity.
Electric Utilities – International	Chubu Electric Power	Chubu is developing five wind sites with an output of 80,000 kW scheduled for operation in 2008.
Electric Utilities – International	E ON	E. ON is currently planning to build the world's largest wind farm, together with Shell and a consortium called CORE, with a total generating capacity of over 1,000 MW and enough electricity to power 750,000 homes.
Electric Utilities – International	Iberdrola	Iberdrola plans to install 10,000 MW of renewable energy by 2011 composed mainly of wind and hydroelectric power.
Electric Utilities – International	Kansai	Kansai will start biomass mixed operation at its coal fired power plants in 2008 which will reduce CO ₂ emissions by 90,000 tonnes per year.
Electric Utilities – International	Scottish & Southern Energy	SSE is involved in building the world's first deep water wind turbine 25km off the coast in the Moray Firth in partnership with Talisman Energy UK.
Electric Utilities – International	Scottish Power	Scottish Power is in partnership to develop the world's biggest wave energy converter project at the European Marine Energy Test Center.

Innovest Sector	Company	Renewable Energy Initiative
Industrial Conglomerates	GE	GE Energy is producing wind turbines, and developed a roof integrated tile photovoltaic.
Industrial Conglomerates	Siemens	Siemens will supply 54 wind turbines with a combined maximum capacity of 180 MW for two projects on the east coast of England.
Integrated Oil & Gas	Chevron	Chevron operates geothermal power plants in Indonesia and the Philippines, which emits 10% of GHG emissions released by coal-fired operations. It also invests in solar technology and operates a 500 kW solar array in California.
Integrated Oil & Gas	Husky Energy	Husky Energy operates an ethanol facility that produces 130 million liters of fuel grade ethanol per year.
Integrated Oil & Gas	Royal Dutch Shell	Royal Dutch Shell's Shell Wind division invests in wind power and hopes to expand its portfolio to 1,000 MW by the end of 2007. Royal Dutch Shell continues to research solar power, including a joint venture with glass maker, Saint-Gobain, which developed a new Copper Indium Diselenide thin-film technology to improve solar power.
Life & Health Insurance	Prudential PLC	Prudential installed the UK's biggest wind turbine at its Green Park, which will generate enough renewable energy to power 1,500 homes.
Life & Health Insurance	Sun Life Financial	Sun Life Financial financed the construction of a 40 MW run-of-the-river electrical generating station in Quebec that uses the natural flow of the river to activate turbines.
Metals & Mining	Alcan	Alcan's high-gloss rolled aluminum specialty sheet, Solar Surface™ 992, is being used in parabolic solar cooker applications, which are designed for markets in developing regions. Approximately 20,000 cookers are currently used around the world.
Metals & Mining	Alcan	Alcan is supplying selected-density and standard balsa wood for high tech wind turbine blades.
Metals & Mining	Alcoa	Alcoa has hydroelectric facilities in the United States and is currently investing in hydroelectric facilities in Brazil.
Metals & Mining	Barrick Gold	Barrick Gold initiated a 10 MW wind power generation project in South America and a 1 MW solar photovoltaic power generation project in Nevada.
Metals & Mining	Xstrata	Xstrata operates two methane-fired power stations in Australia, providing 16 MW of generating capacity.
Multi-Utilities & Unregulated Power	Centrica	Centrica is investing GBP 750 million over the next few years in the development of its own renewable generation assets, primarily offshore wind farms.
Multi-Utilities & Unregulated Power	RWE	RWE plans to invest up to EUR 700 million over the next five years in renewable energy development.
Reinsurance	Munich Re	Munich Re provided EUR 25 million in funding for the Solarpark Süddeutschland Project which will generate solar energy for 1,200 households.
Steel	ThyssenKrupp	ThyssenKrupp designs and produces recyclable heavy duty slewing bearings for wind turbines.

(ii) Energy Efficiency

In addition, to reporting involvement in renewable energy, companies responding to section 'B' of the CDP5 questionnaire were asked to disclose information on energy efficiency initiatives that were being undertaken to manage emissions. An analysis of responses to this question indicates that energy efficiency has emerged as the most prevalent strategy used by FT500 companies across sectors to reduce their GHG emissions. However, the most significant investments in and attention to energy efficiency were reported in high impact sectors including:

Metals & Mining and Multi-Utilities & Unregulated Power. Initiatives in these sectors include efforts to improve internal process efficiencies and to reduce consumer demand, and often involve the development of new management structures.

Below are several quotations from FT500 companies' responses that underscore the importance of energy efficiency.

BHP Billiton appointed an "Energy Excellence Leader in early 2007 to provide strategic leadership for efforts to improve the energy efficiency of BHP Billiton's operations... The objective of Energy Excellence is to identify initiatives, and develop and implement processes that ensure energy efficiency and energy source substitution opportunities are integrated into everything we do."

In an effort to address energy efficiency, **Rio Tinto** developed Excellence in Energy Management (EEM) which "is a comprehensive energy audit programme designed to identify opportunities to improve energy efficiency and provide recommendations to implement the opportunities identified."

RWE said, "By far the most effective way to reduce emissions is to increase the efficiency of our power plants. We have developed the BoA concept... by which we have optimized all processes in a lignite fired power plant and now achieve a world record of 43% efficiency and emissions reductions of 2.5–3 million t CO₂ per year and plant."

Woodside Petroleum stated that "to comply with the regulations, Woodside must conduct energy assessments on all of its high energy consuming Australian assets. Aligned to this requirement Woodside has appointed an Energy Efficiency Project Manager to direct and coordinate reviews and to implement improvement activities as required."

Southern Company reported that "in 2006 alone, Southern Company invested some \$73 million to promote energy efficiency. Demand-side management and energy efficiency and conservation can lower growth and demand for electricity, reducing the need to build new generating capacity. To date, demand-side programs at our retail operating companies have avoided the need for nearly 3,000 MW of generating capacity."

3M reported that it "has been working to improve energy efficiency and reduce relative energy costs since 1973, when the 3M Energy Management Department was formed. Improvements result from employee programs that increase the energy efficiency of existing operations and new equipment and facilities designed to be energy efficient. During the past five years 3M has reduced its absolute energy use by 8% and its energy use indexed to net sales by 27%."

While investment decisions should obviously be based on a much more thorough appraisal of companies' overall renewable energy and energy efficiency exposure,³⁶ the above section provides an interesting starting point for investors looking to know which FT500 companies are positioning themselves to capitalize on the strategic profit opportunities associated with this high growth area.

The most significant investments in and attention to energy efficiency were reported in high impact sectors including: Metals & Mining and Multi-Utilities & Unregulated Power.

³⁶ Comprehensive investment decision making should take into account numerous factors that fall outside the remit of the CDP questionnaire. These include: percentage of annual revenues coming from clean tech product lines; percentage of overall R&D budgets dedicated to clean tech; and equity investments in clean tech pure-plays.

7 Overall, the CDP5 research reveals a number of encouraging trends. There is a continued growth of awareness about the financial and competitive implications of climate change, among both corporations and investors.

Conclusion

In addition, an increasingly nuanced appreciation for climate change's specific and differential impacts on particular industry sectors and individual companies was observed. A third encouraging sign is the evident progress which many companies have made, both in managing downside risks and seizing competitive opportunities on the upside. A fourth positive finding for investors is that opportunities can increasingly be found not only in carbon trading and the public equity markets, but in private equity, real estate, fixed-income, and other asset classes across the capital spectrum.

However, one note of caution remains. In last year's report it was noted that, on the investor side, increased awareness and understanding had yet to translate themselves into concrete investment decisions on any scale. Although there has been considerable progress from some institutions, many investors are still to fully integrate climate change considerations into their decision making processes.

The objective of the CDP since its inception has been to increase awareness and provide investor-relevant information about climate change, to enable informed action. Unless and until governments agree material taxation or regulation of greenhouse gas emissions, investors will lack incentive to act, both more systematically and in greater numbers, and the full potential of the project is unlikely to be realized.

One trend above all is becoming increasingly clear: climate change and the various regulatory, policy and business responses to it are driving what amounts to a worldwide economic and industrial restructuring. That restructuring has already begun to redefine the very basis of competitive advantage and financial performance for both companies and their investors.

As with any radically new and different competitive landscape, the most basic preconditions for appropriate responses are awareness and robust information. An analysis of the information gathered in this report makes it clear that CDP has contributed meaningfully to both.

One trend above all is becoming increasingly clear: climate change and the various regulatory, policy and business responses to it are driving what amounts to a worldwide economic and industrial restructuring. That restructuring has already begun to redefine the very basis of competitive advantage and financial performance for both companies and their investors.

8 Appendices

Appendix I

Appendices

Sector Analysis

On the basis of company responses to CDP5, sector-specific analysis of 10 sectors was conducted. The analysis can be found in the online version of this report available at www.cdproject.net. Below are two examples from the **Electric Power Companies – N. America** and **Electric Utilities – International** sectors.

Electric Power Companies – N. America

a) Implications of Climate Change

- Increasing likelihood of federal regulation on sector wide GHG emissions.
- Regulatory and consumer focus on renewable/clean power.
- Increasing electricity demand due to changing weather patterns.
- Potential climate change-related damage to facilities and infrastructure.

- Regional and state regulation on GHG emissions and renewable portfolio standards.
- Material increase in operating costs associated with fuel-switching and future carbon costs.
- Competition to develop new generating technologies.
- Potential for litigation against the sector's largest GHG emitters.

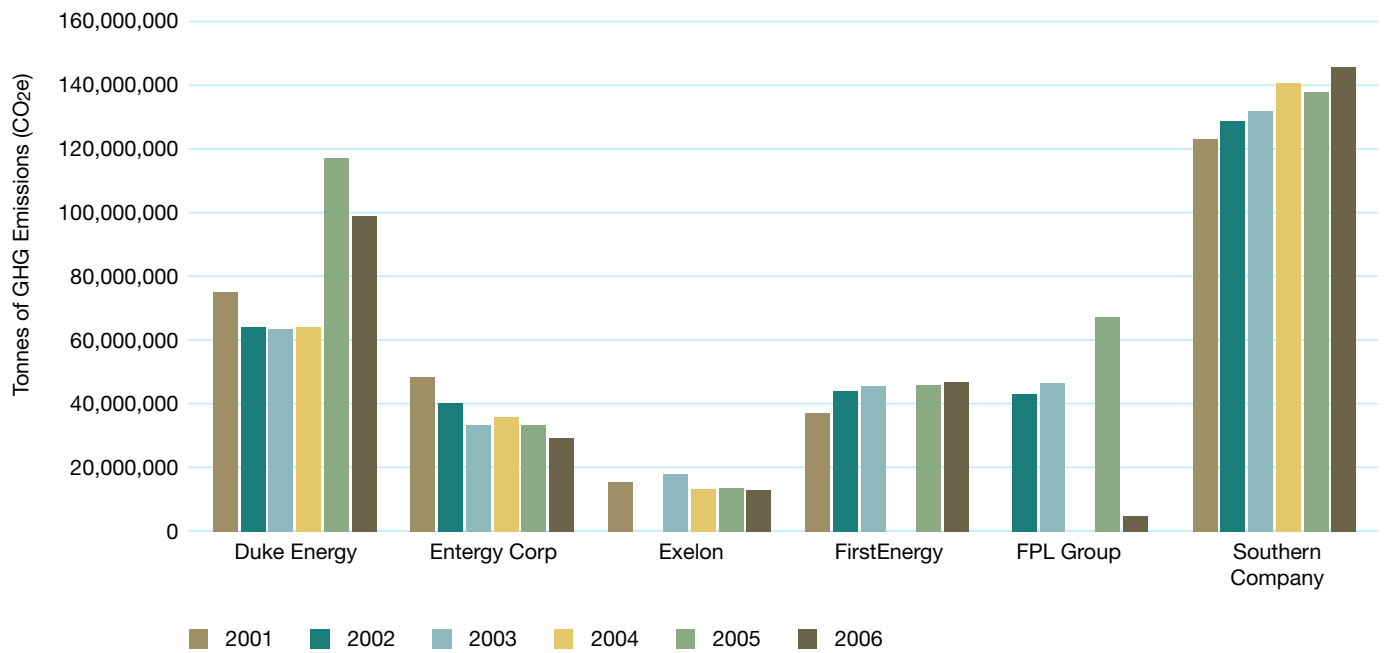
b) Summary of Company Responses to the CDP5 Questionnaire

	Electric Power Companies – N. America										
	Considers Climate Change to Present Commercial Risks	Recognizes Commercial Opportunities for Both Existing and New Products and Services Associated with Climate Change	Provides Information on the Strategies Undertaken to Manage Risks and Opportunitie	Has Implemented Emissions Reduction Program with Formalized Targets and Timelines	Emissions Data Disclosed	Provides Emissions Data by Region and Information on the Impact of the EU ETS	Has Developed a Strategy for Emissions Trading and or Involvement in CDM/JI Projects	Provides Data on Emissions Intensity	Discloses Information on Total Energy Costs	Has Allocated Board-Level or Executive-Level Responsibility for Climate Change-Related Issues	CDLI Score
Duke Energy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	70
Entergy Corp	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	90
Exelon	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	95
FirstEnergy	✓	✓			✓					✓	55
FPL Group	✓	✓	✓	✓	✓		✓	✓		✓	80
Southern Company	✓	✓	✓	✓	✓		✓	✓	✓	✓	60
TXU*	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	N/A

* TXU was acquired by private equity firms after the release of the CDP5 questionnaire.

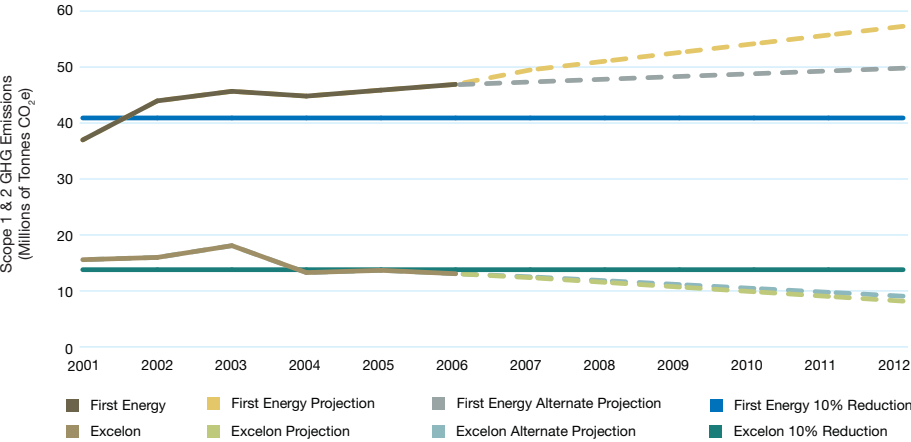
c) Company-Specific Emissions Data from 2001 – 2005

Scope 1 & 2 GHG Emissions in the Electric Power Companies – N. America Sector



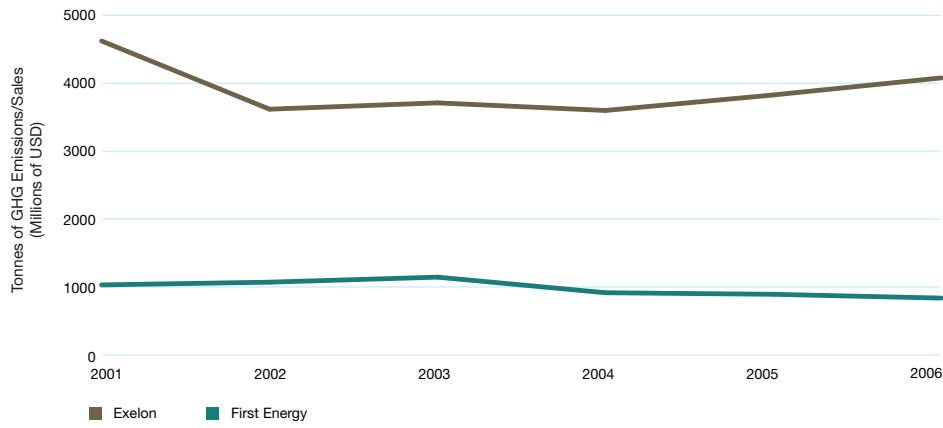
d) Emissions Trends

Historical and Projected Emissions in the Electric Power Companies – N. America Sector



e) Emissions Intensity

Sample Emissions Intensity in the Electric Power Companies – N. America Sector



f) Companies that Did Not Provide GHG Data

Companies in the Electric Power – North America Sector that did not provide GHG Emissions Data				
CDP1	CDP2	CDP3	CDP4	CDP5
Dominion Resources	Consolidated Edison	Dominion Resources	Edison International	TXU
FPL Group	Dominion Resources			
Progress Energy				
Xcel Energy				

g) Key Themes and Trends Reported in the CDP5 Questionnaire

- Sector Leaders Continue to Expand Renewable Energy Portfolios.** In response to growing consumer demand, regulatory pressure, and increasing fuel prices, **North American Electric Power** companies continue to expand their renewable generating capacities. **FPL Group**, the largest developer of wind energy products in the U.S., owns over 4,015 MW of wind generation in 16 states. In addition the company builds 150 kW of solar capacity in Florida for every 10,000 customers that sign up for its Sunshine Energy program. **Duke Energy** plans to expand its renewable energy generating capacity to 2,100 MW by 2012. **Entergy** owns 80 MW of wind capacity. **Exelon** owns and purchases renewable energy from sources including wind, landfill gas, and hydroelectric.
- Industry Leaders Establish Voluntary Emissions Reduction Targets in Advance of Mandatory Regulation.** While the future of federal regulation on GHG emissions remains uncertain in the U.S., **Duke Energy**, **Entergy**, **Exelon**, and **FPL Group** have announced their support for mandatory limits on emissions. In the absence of federal legislation, several companies in this sector have established voluntary reduction programs. In May 2005, **Exelon** established a voluntary goal under the U.S. Environmental Protection Agency's Climate Leaders program to reduce its GHG emissions by eight per cent from 2001 levels by the end of 2008. In 2006, **Entergy** made its second five-year voluntary greenhouse gas stabilization commitment in partnership with Environmental Defense and EPA Climate Leaders. The second commitment is to voluntarily stabilize CO₂ emissions from Entergy's power plants and from its controllable purchases of energy at 20% below 2000 levels from 2006 through 2010. As a member of the World Wildlife Fund's PowerSwitch! Program, **FPL Group** committed to a 15% improvement in generating efficiency by 2020 as compared to a year 2000 baseline.
- Concern Over Climate Change Creates Renewed Interest in Nuclear Power.** Recognition of nuclear power's potential to provide low emissions baseload generating capacity has

created a sector-wide push for extended operating licenses and new facilities. **Duke Energy** has received 20-year extensions to the operating licenses for all seven of its nuclear units from the U.S. Nuclear Regulatory Commission. The company is also in the process of developing an application for a Construction and Operating License for a new 2,234 MW nuclear facility in Cherokee County, S.C. **Southern Company** plans to have new nuclear capacity in operation by 2015-2016. **Entergy** will expand its nuclear generation through high capacity factors, uprates and the construction of new nuclear facilities.

- Industry Continues to Pursue 'Clean Coal' Technology and Carbon Sequestration.** In an effort to address climate change while maintaining a reliance on coal-fired generation, companies are investing in integrated gasification combined cycle (IGCC) technology and carbon sequestration. By the end of 2007, **First Energy** will begin capturing and storing 20 tons per day of CO₂ at its R.E. Burger power plant as part of a pilot program that will last through 2008. **Duke Energy** is investigating the deployment and demonstration of a 630 MW IGCC facility in Indiana, which could be operational in late 2011. Through FutureGen, **Southern Company** is active in developing, by 2012, a 275 MW zero emission coal-fired plant that includes carbon capture and sequestration.

Electric Utilities – International

a) Implications of Climate Change

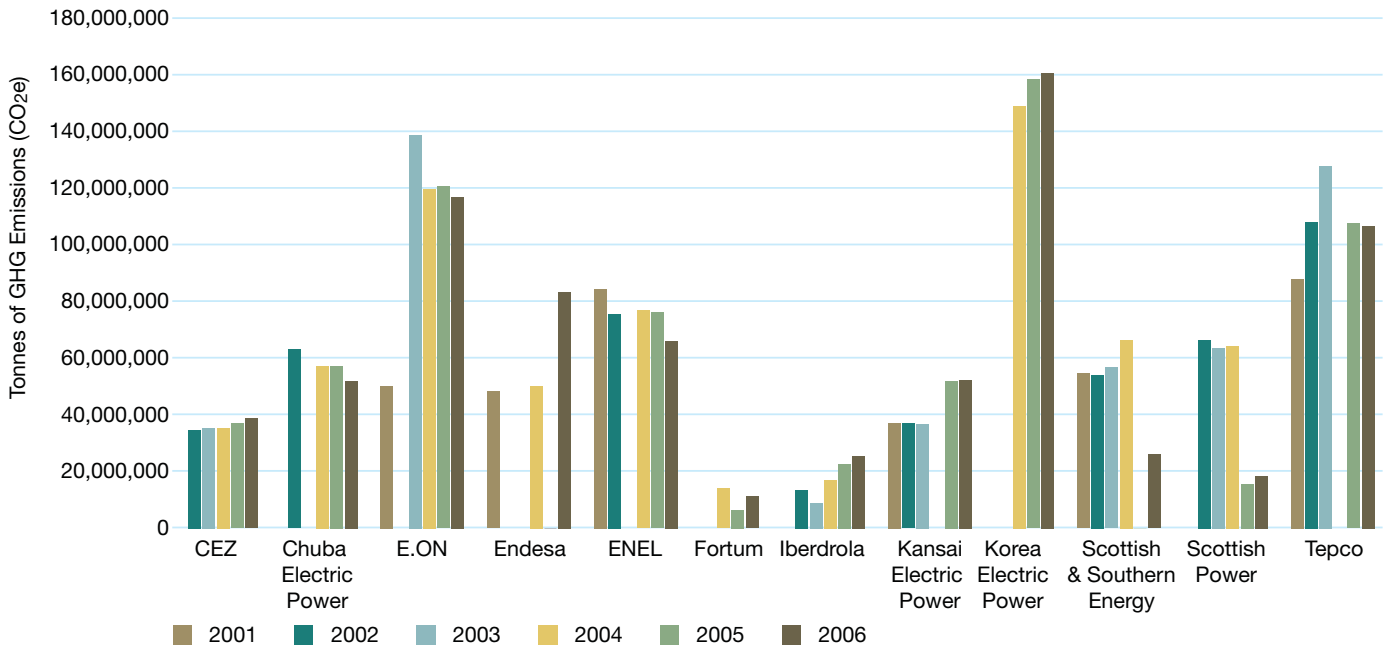
- High exposure to GHG emissions regulations.
- Increased risk of damage to facilities and infrastructure from extreme and unpredictable weather conditions.
- Variance in seasonal energy demands.
- Material increase in operating costs associated with fuel-switching and carbon costs.
- Uncertainty over energy output from hydro plants due to potential water shortages.
- Regulatory and consumer focus on renewable/clean power.
- Opportunities for developing low carbon technology.
- Pressure to increase end-user rates.

b) Summary of Company Responses to the CDP 5 Questionnaire

	Electric Utilities – International										CDLI Score
	Considers Climate Change to Present Commercial Risks	Recognizes Commercial Opportunities for Both Existing and New Products and Services Associated with Climate Change	Provides Information on the Strategies Undertaken to Manage Risks and Opportunitie	Has Implemented Emissions Reduction Program with Formalized Targets and Timelines	Emissions Data Disclosed	Provides Emissions Data by Region and Information on the Impact of the EU ETS	Has Developed a Strategy for Emissions Trading and or Involvement in CDM/JI Projects	Provides Data on Emissions Intensity	Discloses Information on Total Energy Costs	Has Allocated Board-Level or Executive-Level Responsibility for Climate Change-Related Issues	
CEZ	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	55
Chilectra SA	IN	IN	IN	IN	IN	IN	IN	IN	IN	IN	N/A
Chubu Electric Power	✓		✓	✓	✓	✓	✓		✓	✓	70
E.ON	✓	✓	✓	✓	✓	✓	✓	✓		✓	65
Electrabel	See Suez	See Suez	See Suez	See Suez	See Suez	See Suez	See Suez	See Suez	See Suez	See Suez	N/A
Endesa	✓	✓	✓	✓	✓	✓	✓	✓		✓	75
ENEL	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	70
Fortum	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	95
Iberdrola	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Kansai Electric Power	✓	✓	✓	✓	✓		✓	✓	✓	✓	75
Korea Electric Power	✓	✓	✓	✓	✓		✓	✓	✓	✓	45
National Thermal Power	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	N/A
Scottish & SouthernEnergy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	90
Scottish Power	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	80
Tepco (Tokyo Electric Power Company)	✓	✓	✓	✓	✓		✓	✓	✓	✓	60
Unified Energy System	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	N/A

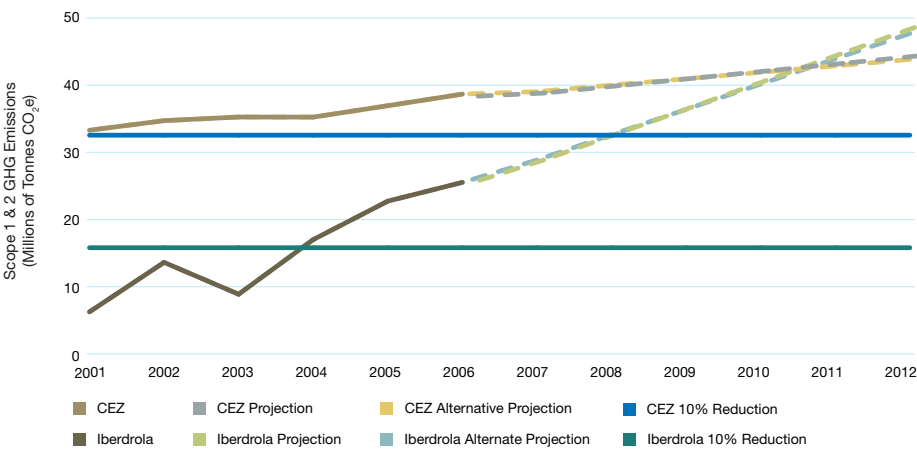
c) Company Specific Emissions 2001-2006

Scope 1 & 2 GHG Emissions in the Electric Utilities – International Sector



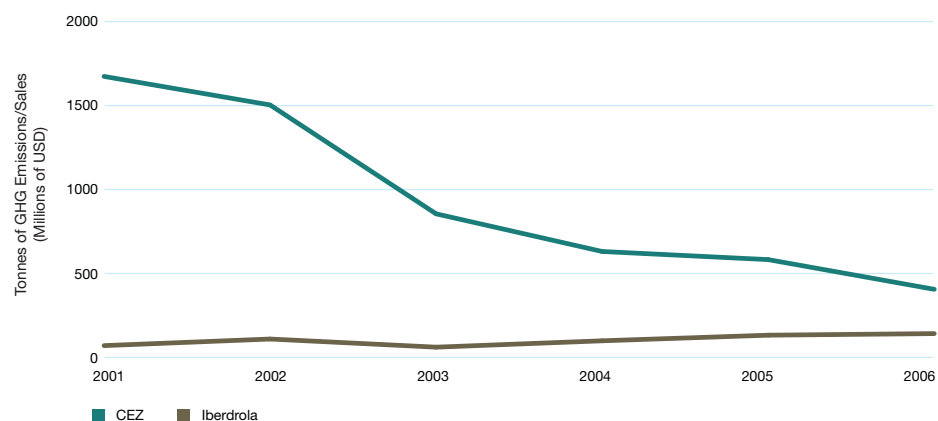
d) Emissions Trends

Historical and Projected Emissions in the Electric Utilities – International Sector



e) Emissions Intensity

Sample Emissions Intensity in the Electric Utilities – International Sector



f) Companies that did not provide GHG Data

Companies in the Electric Utilities – International Sector that did not provide GHG Emissions Data				
CDP1	CDP2	CDP3	CDP4	CDP5
Chubu Electric	Hong Kong Electric Holdings Limited	Korea Electric	National Thermal Power	Chilectra SA
Korea Electric Power	Korea Electric Power		Saudi Electricity	National Thermal Power
	Saudi Electric		Scottish & Southern Energy	Unified Energy System
			Unified Energy Systems	

g) Key Themes and Trends Reported in the CDP5 Questionnaire

- **Increased Emphasis on Expanding Renewable/Clean Power.** In response to growing consumer demand, regulations on GHG emissions and increasing fuel prices, **International Electric Utilities** are expanding their renewable energy portfolios. **E On AG**, together with **Shell** and a consortium called CORE, is spending EUR 2.26 billion to build the world's largest wind farm off the south coast of England with a total capacity of over 1,000 MW. In December 2006, **Enel** launched a five-year, EUR 4.1 billion project for environment and innovation which will focus on increasing the company's renewable generating capacity. **Iberdrola** plans to have 10,000 MW of renewable energy capacity installed by 2011, the majority of which will be supplied by wind power.
- **Uncertainty Over Post-Kyoto Regulations.** Despite lingering uncertainty over post-Kyoto GHG emissions regulations, companies in this sector are moving forward with post-2012 reduction targets. **E On AG's** long term objective is to reduce the CO₂ intensity of its power generation portfolio by 50% compared to 1990 levels by 2030. **Scottish & Southern Energy** aims to lower CO₂ emissions by 20% from 2005 levels by 2016. Similarly, **Fortum** plans to reduce its CO₂ emissions by 10% from 2006 levels by 2020.
- **Sector Leaders Focus on Demand Side Management.** In an effort to reduce GHG emissions through demand side management, companies are offering more products and services to help educate consumers about energy efficiency. **Fortum** has invested in Automatic Meter Management, which enables customers to monitor energy consumption in real-time and analyze individual consumption patterns. **Iberdrola's** "Kyoto Homes" initiative helps to promote energy efficiency in domestic communities, while **Kansai** provides a new discounted tariff system in order to shift peak electricity demand to the bottom and to stabilize daily demand.
- **Changing Weather Patterns Lead to New Investments.** Long-term increases in energy demand and water shortages associated with climate change are compelling companies to invest more heavily in increased capacity and improved transmission and distribution networks. **Fortum** launched a EUR 200 million Reliability Investment Program in 2005, to increase its distribution network reliability and halve average yearly outage time by 2011. **Chubu** is ensuring reliable power supply through planned fuel procurement, expanding fuel-related infrastructures and establishing a power generation and distribution plan. **Iberdrola** and **E On AG** made similar commitments to improve their grid management and usage of power stations in an effort to minimize potential fluctuations in operations and revenues.

Appendix II

CDP5 Questionnaire

Carbon Disclosure Project (CDP5) Greenhouse Gas Emissions Questionnaire

We request a reply to the following questions by the 31st May 2007. Please answer the questions as comprehensively as possible or state the reasons why you are unable to supply the information requested. If at this stage you can only provide indicative information we still welcome this, as a 'best guess' is more valuable to us than no response.

One of the main objectives this year is to improve the quality of the responses and standardize reporting to facilitate better comparison of data across and within sectors. We therefore request that answers to the following questions are provided for your company as defined in your consolidated audited financial statements. If you are unable to respond on this basis, please explain why and detail the reporting boundaries you have used.

We recognize GHG emissions and climate change have varying impacts on sectors and companies. We have therefore divided the questionnaire into two sections to reflect these differences. Companies are encouraged to answer both parts of the questionnaire where relevant.

Section A: For all companies to complete.

Section B: For the following companies to complete:

1. Companies with combustion installations with a rated thermal input exceeding 20 MW.
2. Companies involved in the following sectors:
 - automobiles & components
 - aerospace & defense
 - chemicals
 - construction materials
 - electric utilities
 - energy equipment & services
 - oil, gas & consumable fuels
 - metals & mining
 - paper & forest products
 - transportation
3. Companies in any sector that may be significantly influenced by GHG emissions or climate change.

New procedures for CDP in 2007.

Please use our website for direct data entry via www.cdproject.net/cdp5. If necessary, send your response electronically in English to the Project Coordinator at info@cdproject.net.

Your response will be made publicly available at www.cdproject.net in September 2007, unless you notify us to the contrary. If you inform us that you do not want your information disclosed, we will only use it in production of aggregate statistics.

For additional guidance and information please see the Further Information attached to this questionnaire, or refer to the Reporting Guidance section at www.cdproject.net.

Section A: For all companies to complete

1 Climate Change Risks, Opportunities and Strategy

For each question please state the time period and where possible the associated financial implications.

- a Risks:** What commercial risks does climate change present to your company including, but not limited to, those listed below?
- i Regulatory risks associated with current and/or expected government policy on climate change e.g. emissions limits or energy efficiency standards.
 - ii Physical risks to your business operations from scenarios identified by the Intergovernmental Panel on Climate Change or other expert bodies, such as sea level rise, extreme weather events and resource shortages.
 - iii Other risks including shifts in consumer attitude and demand.
- b Opportunities:** What commercial opportunities does climate change present to your company for both existing and new products and services?
- c Strategy:** Please detail the objectives and targets of the strategies you have undertaken or are planning to take to manage these risks and opportunities. Please include adaptation to physical risks.
- d Reduction targets:** What are your emissions reduction targets and time frames to achieve them? What renewable energy and energy efficiency activities are you undertaking to manage your emissions? (This question not required if answering Section B.)

2 Greenhouse Gas Emissions Accounting¹

- a Methodology:** Please provide the following information on your company's emissions measurements:
- i The accounting year used to report GHG emissions.²
 - ii The methodology by which emissions are calculated.
 - iii Whether the information provided has been externally verified or audited.
 - iv An explanation for any significant variations in emissions from year to year, e.g. due to major acquisitions, divestments, introduction of new technologies, etc.

- b Scope 1 and 2 of GHG Protocol:** Direct and Indirect GHG emissions and electricity consumption.³
Please complete the table below for tonnes CO₂e emitted and electricity consumption:

	Globally	Annex B Countries
Scope 1 activity tonnes CO ₂ e emitted		
Scope 2 activity tonnes CO ₂ e emitted		
MWh of purchased electricity		
Percentage of purchased MWh from renewables		

- c Scope 3 of GHG Protocol:** Other Indirect GHG emissions. Where feasible please provide estimates for the following categories of emissions:
- i Use/disposal of company's products and services.
 - ii Your supply chain.
 - iii External distribution/logistics.
 - iv Employee business travel.

¹ The six main Greenhouse Gases are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).

² If you are responding to CDP for the first time, please provide details where available, of emissions for the last three measurement cycles.

³ For the purposes of responding to this section, please follow the World Resources Institute (WRI), World Business Council for Sustainable Development's (WBCSD's) Greenhouse Gas Protocol (corporate standard revised version), details of which can be found at www.ghgprotocol.org

Section B: To be completed by companies defined in the introduction to this questionnaire

3 Additional Greenhouse Gas Emissions Accounting

Using the methodology as set out in 2(a), please state your Scope 1 and 2 emissions as follows:

- a Countries:** For each country in which you have operations, where available.
- b Facilities:** For facilities covered by the EU Emissions Trading Scheme (EU ETS). Please also include the number of allowances you were issued under the applicable National Allocation Plans.
- c EU ETS impact:** What has been the impact on your profitability of the EU Emissions Trading Scheme?

4 Greenhouse Gas Emissions Management

- a Reduction programmes:** What emission reduction programs does your company have in place? Please include any reduction programs related to your operations, energy consumption, supply chain and product use/disposal.
 - i What is the baseline year for the emissions reduction program?
 - ii What are the emissions reduction targets and over what period do those targets extend?
 - iii What investment has been/will be required to achieve the targets and over what time period?
 - iv What emissions reductions and associated costs or savings have been achieved to date as a result of the program?
 - v What renewable energy and energy efficiency activities are you undertaking to manage your emissions?
- b Emissions trading:** What is your company's strategy for trading in the EU Emissions Trading Scheme, CDM/JI projects and other trading systems (e.g. CCX, RGGI, etc), where relevant?
- c Emissions intensity:** Please state which measurement you believe best describes your company's emissions intensity performance? What are your historical and current emissions intensity measurements? What are your targets?
- d Energy costs:** What are the total costs of your energy consumption e.g. from fossil fuels and electric power? What percentage of your total operating costs does this represent?
- e Planning:** Do you estimate your company's future emissions? If so please provide details of these estimates and summarize the methodology for this. How do you factor the cost of future emissions into capital expenditure planning? Have these considerations made an impact on your investment decisions?

5 Climate Change Governance

- a Responsibility:**
 - i Which Board Committee or other executive body has overall responsibility for climate change?
 - ii What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?
- b Individual performance:** Do you provide incentive mechanisms for managers with reference to activities relating to climate change strategy, including attainment of GHG targets? If so, please provide details.

Appendix III

Company Responses to CDP

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
ABB	AQ	AQ	AQ	NI	AQ
Abbott Laboratories	AQ	AQ	AQ	AQ	NR
ABN Amro Holding	AQ	AQ	AQ	AQ	DP
Accenture	AQ	NR	NR	NI	AQ
ACS Actividades de Construcción y Servicios	NR	NI	NI	NI	NI
Adobe Systems	AQ	AQ	AQ	NI	NR
Aegon	AQ	AQ	IN	NR	DP
Aeon	AQ	AQ	DP	NI	NI
Aetna	AQ	AQ	AQ	NR	NI
Aflac Incorporated	NR	DP	NR	DP	NR
AGF	AQ	AQ	AQ	NI	NI
Air Liquide	AQ	AQ	AQ	AQ	NR
Alcan	AQ	IN	IN	IN	IN
Alcatel – Lucent	AQ	AQ	AQ	AQ	AQ
Alcoa Inc.	AQ	AQ	AQ	AQ	AQ
Alcon – see Nestle	AQ	AQ	AQ	NI	AQ
Allergan, Inc.	AQ	IN	IN	IN	IN
Allianz	AQ	AQ	AQ	AQ	AQ
Allied Irish Banks	AQ	DP	DP	AQ	NI
Allstate Corporation, The	DP	NR	DP	DP	AQ
Alltel	AQ	AQ	AQ	DP	DP
Altria Group, Inc.	AQ	DP	NR	DP	NI
Ambev – Cia. Bebidas das Americas	AQ	DP	NI	NI	NI
America Movil	AQ	NR	NR	NI	NR
American Express Company, Inc.	AQ	AQ	NR	NR	DP
American International Group	AQ	AQ	AQ	AQ	AQ

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Amgen, Inc.	AQ	AQ	IN	DP	DP
Amtel	NR	NR	NI	NI	NI
Anadarko Petroleum Corporation	AQ	AQ	AQ	NR	DP
Anglo American	AQ	AQ	AQ	AQ	AQ
Anglo Platinum	AQ	NI	NI	NI	NI
Anheuser-Busch	AQ	IN	IN	DP	IN
AP Moller Maersk	NR	DP	DP	DP	NI
Apache Corporation	AQ	AQ	AQ	DP	NI
Apple Computers Inc.	NR	AQ	DP	NI	NI
Applied Materials Inc.	AQ	AQ	AQ	AQ	AQ
Archer Daniels Midland	DP	DP	NI	NI	NI
Astellas Pharma	AQ	AQ	AQ	AQ	NI
AstraZeneca	AQ	AQ	AQ	AQ	AQ
AT&T Corporation	AQ	AQ	AQ	DP	AQ
Atlas Copco	AQ	NI	NI	NI	NI
Australia And New Zealand Banking Group Limited	AQ	AQ	AQ	AQ	AQ
Automatic Data Processing Inc.	IN	IN	IN	DP	DP
Aviva	AQ	AQ	AQ	AQ	AQ
AXA Group	AQ	AQ	AQ	AQ	AQ
BAE Systems	AQ	AQ	AQ	NI	AQ
Baker Hughes	AQ	AQ	AQ	DP	AQ
Banco do Brasil S/A	AQ	AQ	NI	NI	NI
Banco Itau	AQ	AQ	AQ	NI	NI
Banco Popular Espanol	AQ	AQ	NR	NR	NI
Bank Austria Creditanstalt – see UniCredit Group	AQ	AQ	NI	NI	NI
Bank of America Corp.	AQ	AQ	AQ	AQ	AQ

Key:

AQ: Answered Questionnaire **IN:** Provided Information

DP: Declined to Participate **NR:** No Response **NI:** Not in FT500

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Bank of China	NR	NI	NI	NI	NI
Bank Of Communications Co Ltd	NR	IN	IN	IN	IN
Bank of Ireland	AQ	AQ	AQ	AQ	AQ
Bank of Montreal	AQ	AQ	AQ	AQ	IN
Bank of New York Company, Inc.	AQ	AQ	AQ	NR	NR
Bank of Nova Scotia (Scotiabank)	AQ	AQ	AQ	AQ	DP
Barclays	AQ	AQ	AQ	AQ	AQ
Barrick Gold	AQ	AQ	AQ	AQ	AQ
BASF	AQ	AQ	AQ	AQ	AQ
Baxter International Inc.	AQ	AQ	AQ	AQ	AQ
Bayer	AQ	AQ	AQ	AQ	AQ
Bayerische Hypo und Vereinsbank - see UniCredit Group	AQ	NI	NI	NI	NI
BB&T Corporation	AQ	AQ	AQ	AQ	NR
BBVA	AQ	AQ	AQ	AQ	AQ
Bear Stearns Companies, Inc.	NR	NI	NI	NI	NI
Becton Dickinson & Co.	AQ	NI	NI	NI	NI
Bell Canada	AQ	NI	NI	NI	NI
Bellsouth Corporation – see AT&T Corporation	AQ	AQ	IN	DP	DP
Berkshire Hathaway	NR	NR	NR	DP	NR
Best Buy Co. Inc.	AQ	AQ	DP	DP	NR
BG Group	AQ	AQ	AQ	AQ	AQ
Bharti Airtel	AQ	AQ	NI	NI	NI
BHP Billiton	AQ	AQ	AQ	AQ	AQ
BMW Bayerische Motorenwerke AG	AQ	AQ	AQ	AQ	AQ
BNP Paribas	AQ	AQ	AQ	AQ	AQ
Boc Hong Kong	DP	NR	DP	NR	NI
Boeing Company, The	AQ	AQ	DP	NR	DP
Boston Scientific Corporation	AQ	IN	AQ	AQ	AQ
Bouygues	AQ	DP	DP	NI	NR
BP	AQ	AQ	AQ	AQ	AQ
Bradesco	AQ	DP	NI	NI	NI
Bridgestone	AQ	NR	DP	DP	NR
Bristol Myers Squibb Co.	AQ	AQ	AQ	AQ	AQ
British American Tobacco	AQ	AQ	AQ	AQ	AQ
British Sky Broadcasting	AQ	AQ	AQ	AQ	IN
Brookfield Asset Management	AQ	NI	NI	NI	NI
BT Group	AQ	AQ	AQ	AQ	AQ

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Burlington Northern Santa Fe	AQ	AQ	AQ	AQ	DP
Cadbury Schweppes	AQ	AQ	AQ	AQ	AQ
Canadian Imperial Bank of Commerce (CIBC)	AQ	AQ	AQ	AQ	AQ
Canadian National Railways	AQ	AQ	NR	DP	IN
Canadian Natural Resources	AQ	IN	NI	NI	NI
Canon	AQ	AQ	AQ	AQ	AQ
Capital One Financial Corp.	IN	DP	DP	NI	NR
Capitalia Spa	NR	IN	IN	IN	IN
Cardinal Health Inc.	DP	AQ	AQ	DP	DP
Caremark RX – see CVS	AQ	AQ	DP	NI	NI
Carnival Corp.	AQ	AQ	NR	NR	NR
Carrefour	AQ	AQ	AQ	AQ	AQ
Caterpillar Inc.	AQ	AQ	AQ	NR	DP
Cathay Financial Holding	NR	AQ	AQ	AQ	NI
CBS Corporation	DP	NI	NI	NI	NI
Celgene Corporation	DP	NI	NI	NI	NI
Cemex	AQ	AQ	NI	NI	NI
Central Japan Railway	IN	IN	IN	DP	DP
Centrica	AQ	AQ	AQ	AQ	AQ
CEZ	AQ	AQ	NI	NI	NI
Charles Schwab	AQ	IN	NR	NR	NR
Cheung Kong	NR	AQ	IN	NR	NR
Chevron Corporation	AQ	AQ	AQ	AQ	DP
Chilectra SA – see Enersis	IN	NI	NI	NI	NI
China Construction Bank Corp	NR	NI	NI	NI	NI
China Life Insurance Co Ltd	DP	NI	NI	NI	NI
China Merchants Bank Co Ltd	DP	NI	NI	NI	NI
China Mobile (Hong Kong)	DP	NR	NR	DP	DP
China Petroleum & Chemical Corp	NR	NI	NI	NI	NI
Chubb Corporation, The	DP	DP	IN	NR	DP
Chubu Electric Power	AQ	AQ	AQ	AQ	IN
Chungwa Telecom	AQ	AQ	DP	NI	NI
Cisco Systems, Inc.	AQ	AQ	AQ	AQ	IN
Citigroup	AQ	AQ	AQ	AQ	AQ
CNOOC	AQ	AQ	AQ	AQ	NR
Coca Cola Company, The	AQ	AQ	AQ	IN	IN
Colgate-Palmolive Company	AQ	AQ	AQ	AQ	IN
Comcast Corporation	AQ	AQ	AQ	DP	DP

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Commerzbank AG	AQ	AQ	NI	NI	AQ
Commonwealth Bank of Australia	DP	DP	DP	IN	DP
Companhia Vale do Rio Doce	AQ	AQ	NR	NR	AQ
ConocoPhillips	AQ	AQ	AQ	AQ	AQ
Corning Incorporated	AQ	AQ	AQ	NI	NI
Costco Wholesale Corporation	DP	NR	AQ	NR	NR
Countrywide Financial Corporation	DP	DP	DP	NI	NI
Credit Agricole	AQ	AQ	AQ	AQ	DP
Credit Suisse	AQ	AQ	AQ	AQ	AQ
CRH	AQ	AQ	AQ	AQ	NI
CVS Corporation	AQ	NR	AQ	NR	DP
Daiichi Sankyo	AQ	AQ	NI	NI	NI
DaimlerChrysler AG	AQ	AQ	AQ	AQ	AQ
Danaher Corporation	AQ	AQ	AQ	AQ	AQ
Danone	AQ	NR	AQ	AQ	AQ
Danske Bank A/S	AQ	AQ	AQ	DP	DP
DBS Group	DP	DP	AQ	AQ	NR
Deere & Company	IN	IN	IN	IN	IN
Dell Inc.	AQ	AQ	AQ	AQ	DP
Denso	AQ	AQ	AQ	AQ	AQ
Deutsche Bank	AQ	AQ	AQ	AQ	AQ
Deutsche Post AG	AQ	AQ	AQ	AQ	AQ
Deutsche Telekom AG	AQ	AQ	AQ	AQ	AQ
Devon Energy Corporation	AQ	AQ	AQ	DP	NI
Dexia	AQ	AQ	AQ	AQ	AQ
Diageo	AQ	AQ	AQ	AQ	AQ
DIRECTV Group Inc, The	DP	DP	DP	NI	NI
DnB NOR	AQ	AQ	NI	NI	NI
Dominion Resources	IN	IN	IN	DP	NR
Dow Chemical Company, The	AQ	AQ	AQ	AQ	AQ
Duke Energy Corporation	AQ	AQ	AQ	AQ	AQ
E.I. du Pont de Nemours & Company	AQ	AQ	AQ	AQ	IN
E.ON AG	AQ	AQ	AQ	AQ	AQ
EADS	AQ	AQ	AQ	NI	DP
East Japan Railway	AQ	AQ	AQ	AQ	AQ
Ebay Inc.	AQ	AQ	AQ	AQ	DP
Electrabel – see Suez	AQ	AQ	AQ	AQ	AQ
Electronic Arts, Inc.	DP	DP	DP	DP	NI

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Eli Lilly and Company	AQ	AQ	AQ	AQ	AQ
EMC Corporation	AQ	IN	IN	IN	IN
Emerson Electric Co.	AQ	AQ	AQ	AQ	DP
Encana	AQ	AQ	AQ	IN	NI
Endesa	AQ	AQ	AQ	AQ	AQ
ENEL	AQ	AQ	AQ	AQ	AQ
ENI	AQ	AQ	AQ	AQ	AQ
Entergy Corporation	AQ	AQ	AQ	AQ	AQ
Ericsson	AQ	AQ	AQ	AQ	DP
Erste Bank der Österreichischen Sparkassen AG	NR	NI	NI	NI	NI
Exelon Corporation	AQ	AQ	AQ	AQ	AQ
Exxon Mobil Corporation	AQ	AQ	AQ	AQ	IN
Fannie Mae	DP	DP	DP	IN	IN
Fanuc	NR	AQ	AQ	DP	DP
Federated Department Stores, Inc.	NR	IN	NI	NI	NI
FedEx Corporation	AQ	AQ	DP	AQ	AQ
Fiat	AQ	NI	NI	NI	NI
Fifth Third Bancorp	AQ	NR	AQ	NR	NR
First Data Corporation	DP	NR	NR	AQ	DP
FirstEnergy Corp.	AQ	AQ	AQ	AQ	DP
Formosa Petrochemical	NR	NR	NR	NI	NI
Fortis	AQ	AQ	AQ	AQ	NR
Fortum	AQ	AQ	AQ	NI	NI
Foxconn International Holdings Limited	NR	NI	NI	NI	NI
FPL Group	AQ	AQ	AQ	AQ	NR
France Telecom	AQ	AQ	AQ	AQ	AQ
Franklin Resources, Inc.	DP	NR	DP	DP	AQ
Freddie Mac	AQ	IN	DP	DP	NR
FujiFilm Holdings Corporation	AQ	AQ	AQ	AQ	AQ
Gap Inc., The	AQ	AQ	AQ	AQ	AQ
Gas Natural SDG SA	NR	NI	NI	NI	NI
Gaz de France	AQ	AQ	NI	NI	NI
Gazprom	NR	DP	AQ	NR	NR
Genentech	AQ	IN	IN	NR	NR
General Dynamics Corporation	AQ	IN	NR	NR	NR
General Electric Company	AQ	AQ	AQ	AQ	AQ
General Mills	AQ	AQ	AQ	AQ	AQ
Generali	NR	IN	DP	DP	DP

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Gilead Sciences, Inc.	AQ	AQ	AQ	DP	NI
GlaxoSmithKline	AQ	AQ	AQ	AQ	AQ
Goldcorp Inc	AQ	NI	NI	NI	NI
Goldman Sachs	AQ	AQ	IN	NR	DP
Google Inc.	AQ	NR	NI	NI	NI
Great West Lifeco	DP	DP	NR	DP	NI
Halliburton Company	AQ	AQ	AQ	AQ	NI
Hang Seng Bank	AQ	AQ	AQ	AQ	DP
Harley-Davidson Inc.	DP	NI	DP	NR	NR
Hartford Financial Services	AQ	IN	DP	DP	DP
HBOS	AQ	AQ	AQ	AQ	AQ
Heineken	AQ	AQ	AQ	AQ	IN
Henkel KGaA	AQ	NI	NI	NI	NI
Hennes & Mauritz	AQ	AQ	AQ	AQ	AQ
Hewlett-Packard Company	AQ	AQ	AQ	AQ	AQ
Hitachi	AQ	AQ	AQ	AQ	AQ
Holcim	AQ	AQ	AQ	NI	NI
Home Depot, Inc., The	AQ	AQ	NR	DP	IN
Hon Hai Precision Industries	NR	NR	NR	NI	NI
Honda	AQ	IN	AQ	AQ	AQ
Honeywell International	IN	IN	AQ	DP	NR
HSBC	AQ	AQ	AQ	AQ	AQ
Husky Energy	AQ	NR	NI	NI	NI
Hutchinson Whampoa	NR	AQ	IN	NR	NR
Hynix Semiconductor	AQ	NI	NI	NI	NI
Hyundai Motors	AQ	NR	NI	NI	NI
Iberdrola	AQ	AQ	AQ	AQ	AQ
Illinois Tool Works, Inc.	AQ	AQ	NR	DP	NR
Imperial Oil	DP	IN	IN	IN	IN
Imperial Tobacco	AQ	AQ	AQ	AQ	NI
InBev	NR	NR	IN	NI	NI
Inditex	AQ	AQ	AQ	AQ	AQ
Industrial & Commercial Bank of China, Asia Ltd	AQ	NI	NI	NI	NI
Infineon Technologies AG	DP	NI	NI	NI	NI
Infosys Technologies Ltd	AQ	AQ	NI	NI	NI
ING Group	AQ	AQ	AQ	AQ	AQ
Intel	AQ	AQ	AQ	AQ	AQ
International Business Machines (IBM)	AQ	AQ	AQ	AQ	AQ

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Intesa Sanpaolo S.p.A	AQ	NI	NI	NI	NI
Japan Tobacco	AQ	AQ	AQ	NI	AQ
JFE Holdings	AQ	AQ	AQ	NI	NI
Johnson & Johnson	AQ	AQ	AQ	AQ	IN
JP Morgan Chase	AQ	AQ	AQ	DP	NR
Kansai Electric Power	AQ	AQ	AQ	AQ	AQ
KBC Groupe	AQ	AQ	AQ	AQ	AQ
KDDI	AQ	AQ	AQ	DP	DP
Kellogg Company	AQ	AQ	IN	IN	DP
Kimberly-Clark Corporation	AQ	AQ	AQ	AQ	IN
Kohls Corporation	NR	NR	NR	NR	NR
Komatsu Ltd.	AQ	NI	NI	NI	NI
Kookmin Bank	NR	DP	NI	NI	NI
Korea Electric Power	AQ	AQ	IN	NR	NR
KPN	AQ	AQ	AQ	AQ	AQ
L' Oreal	AQ	AQ	AQ	AQ	AQ
Lafarge	AQ	AQ	AQ	AQ	AQ
Land Securities	AQ	NI	NI	NI	NI
Las Vegas Sands Corp.	NR	NI	NI	NI	NI
Legal and General Group	AQ	NI	NI	NI	NI
Lehman Bros	AQ	DP	IN	AQ	AQ
Lloyds TSB	AQ	AQ	AQ	AQ	AQ
Lockheed Martin	IN	IN	AQ	IN	AQ
Loews Corporation	NR	NR	NI	DP	NR
Lowe's Companies	DP	IN	IN	IN	IN
Lukoil	NR	DP	NR	NR	NR
LVMH	AQ	AQ	AQ	AQ	NR
Man Group	AQ	NI	NI	NI	NI
Manulife Financial	AQ	AQ	AQ	IN	IN
Marathon Oil	AQ	AQ	AQ	DP	NI
Marks and Spencer	AQ	NI	NI	NI	NI
Marriott International, Inc.	NR	NI	NI	NI	NI
Matsushita Electric Industrial	AQ	AQ	AQ	AQ	AQ
McDonalds Corporation	AQ	AQ	AQ	DP	AQ
McGraw-Hill	IN	IN	IN	IN	IN
Mediobanca	DP	DP	NI	NI	NI
Medtronic Inc.	AQ	AQ	AQ	AQ	NR
Merck & Co., Inc.	AQ	AQ	AQ	IN	IN
Merrill Lynch & Co., Inc.	AQ	AQ	AQ	AQ	AQ

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Metlife Inc.	NR	DP	NR	NR	NR
Metro AG	AQ	AQ	IN	NI	DP
Microsoft Corporation	AQ	AQ	AQ	AQ	DP
Millea Holdings	AQ	AQ	AQ	AQ	NI
Minnesota Mining & Manufacturing (3M)	AQ	AQ	AQ	AQ	AQ
Mitsubishi Corp	AQ	AQ	AQ	AQ	AQ
Mitsubishi Electric	AQ	NI	NI	NI	NI
Mitsubishi Estate	AQ	AQ	AQ	AQ	NR
Mitsubishi UFJ Financial Group	AQ	AQ	AQ	AQ	DP
Mitsui & Co	AQ	AQ	AQ	AQ	AQ
Mitsui Fudosan	NR	NI	NI	NI	NI
Mitsui Sumitomo Insurance	AQ	AQ	AQ	NI	NI
MITTAL STEEL A ARCELOR	NR	NI	NI	NI	NI
Mittal Steel Company NV	NR	NI	NI	NI	NI
Mizuho Financial Group	AQ	AQ	AQ	DP	NR
MMC Norilsk Nickel	NR	NR	DP	NI	NI
Monsanto Company	AQ	IN	NI	NI	NI
Moody's Corporation	AQ	IN	NI	NI	NI
Morgan Stanley & Co. Incorporated	AQ	AQ	DP	DP	NR
Motorola Inc.	AQ	AQ	AQ	AQ	NR
MTN Group	AQ	NI	NI	NI	NI
Munich Re	AQ	AQ	AQ	AQ	AQ
National Australia Bank	AQ	AQ	AQ	AQ	AQ
National Bank of Greece SA	AQ	NI	NI	NI	NI
National City Corporation	AQ	AQ	AQ	AQ	AQ
National Grid plc	AQ	AQ	AQ	AQ	AQ
National Thermal Power (NTPC)	AQ	AQ	NI	NI	NI
NATIXIS	AQ	IN	IN	IN	IN
Nestle	AQ	AQ	AQ	AQ	AQ
Newmont Mining Corporation	AQ	AQ	AQ	DP	NI
News Corporation	AQ	IN	DP	AQ	AQ
Nike, Inc.	AQ	AQ	AQ	AQ	IN
Nintendo	AQ	AQ	AQ	AQ	NR
Nippon Steel	AQ	AQ	AQ	AQ	AQ
Nippon Telegraph & Telephone (NTT)	AQ	AQ	AQ	AQ	AQ
Nissan Motor	AQ	AQ	AQ	DP	NR
Nokia Group	AQ	AQ	AQ	AQ	AQ
Nomura Holdings	AQ	AQ	AQ	AQ	AQ

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Nordea Bank	DP	DP	AQ	AQ	AQ
Norfolk Southern	DP	IN	IN	IN	NI
Norsk Hydro	AQ	AQ	AQ	AQ	AQ
Nortel Networks	AQ	AQ	AQ	AQ	AQ
Northrop Grumman Corporation	AQ	AQ	IN	DP	NR
Novartis	AQ	AQ	AQ	AQ	AQ
Novatek	NR	NI	NI	NI	NI
Novo Nordisk	AQ	AQ	AQ	AQ	AQ
NTT DoCoMo	AQ	AQ	AQ	AQ	AQ
Nucor Corporation	DP	NI	NI	NI	NI
Occidental Petroleum	AQ	AQ	AQ	AQ	AQ
Oil & Natural Gas	AQ	NR	NR	NR	NI
Oracle Corporation	AQ	AQ	AQ	DP	NR
ORIX Corp	NR	NR	NI	NI	NI
PepsiCo, Inc.	AQ	AQ	AQ	AQ	AQ
Pernod-Ricard	AQ	AQ	NI	NI	NI
Petro Canada	AQ	AQ	AQ	AQ	NI
Petrobras	AQ	AQ	AQ	AQ	NI
PetroChina Company Ltd	NR	NI	NI	NI	NI
Petroleos (Cepsa)	NR	NR	NI	NI	NI
Pfizer	AQ	AQ	AQ	AQ	AQ
Phelps Dodge Corporation – (now Freeport McMoRan Copper & Gold Inc.)	AQ	NI	NI	NI	NI
Philips Electronics	NR	AQ	AQ	DP	AQ
PNC Financial Service	AQ	AQ	AQ	AQ	NR
POSCO	AQ	AQ	AQ	NI	AQ
Power Financial	NR	DP	DP	DP	NI
PPR	IN	NI	NI	NI	NI
Praxair, Inc.	AQ	AQ	AQ	AQ	IN
Procter & Gamble	AQ	AQ	AQ	AQ	AQ
Progressive Corporation, The	AQ	DP	DP	DP	DP
Prudential Financial	AQ	DP	DP	DP	DP
Prudential plc	AQ	AQ	AQ	AQ	AQ
PTT	AQ	NR	IN	NI	NI
Qualcomm	AQ	AQ	AQ	AQ	NR
Raiffeisen International Bank	NR	NI	NI	NI	NI
Raytheon Company	AQ	AQ	AQ	DP	NR
Reckitt Benckiser	AQ	AQ	AQ	AQ	AQ
Regions Financial Corporation	NR	DP	DP	NI	NI

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Reliance Industries	NR	NR	NR	NR	NI
Renault	AQ	AQ	AQ	AQ	AQ
Repsol YPF	AQ	AQ	AQ	AQ	AQ
Research In Motion	NR	NI	NI	NI	NI
Resona	AQ	NR	DP	NI	NI
Reynolds American Inc.	AQ	NI	NI	NI	NI
Richemont	AQ	NR	NR	NI	AQ
Rio Tinto	AQ	AQ	AQ	AQ	AQ
Roche	AQ	AQ	AQ	AQ	AQ
Rogers Communications	AQ	NI	NI	NI	NI
Rosneft	NR	NI	NI	NI	NI
Royal Bank of Canada	AQ	AQ	AQ	AQ	AQ
Royal Bank of Scotland	AQ	AQ	AQ	AQ	AQ
Royal Dutch Shell plc	AQ	AQ	AQ	AQ	AQ
RWE	AQ	AQ	AQ	AQ	AQ
SABMiller	AQ	AQ	AQ	NI	NI
Saint-Gobain	AQ	AQ	AQ	AQ	AQ
Samsung Electronics	AQ	AQ	AQ	IN	NR
San Paolo IMI	AQ	AQ	AQ	AQ	AQ
Sanofi-Aventis	AQ	AQ	AQ	AQ	AQ
Santander Central Hispano	NR	AQ	AQ	AQ	AQ
SAP AG	AQ	AQ	AQ	AQ	DP
Sasol	AQ	IN	NI	NI	NI
Sberbank of Russia	IN	DP	NI	NI	NI
Schering AG – see Bayer	AQ	NI	NI	NI	NI
Schering Plough Corporation	AQ	AQ	AQ	AQ	AQ
Schlumberger Limited	AQ	AQ	AQ	AQ	AQ
Schneider Electric	AQ	AQ	AQ	AQ	AQ
Scottish & Southern Energy	AQ	AQ	AQ	AQ	NI
Scottish Power	AQ	AQ	AQ	AQ	IN
Sears Holdings Corporation	DP	DP	NI	NI	NI
Seven & I Holding	AQ	AQ	AQ	AQ	AQ
Sharp	AQ	AQ	AQ	AQ	AQ
Shell Canada – see Royal Dutch Shell	AQ	AQ	AQ	AQ	AQ
Shin Etsu Chemical	AQ	AQ	AQ	AQ	AQ
Shinhan Financial Group Company Ltd	AQ	NI	NI	NI	NI
Singapore Airlines Ltd	AQ	AQ	AQ	DP	AQ

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Simon Property Group	AQ	AQ	AQ	NI	NI
Singapore Airlines Ltd	AQ	NI	NI	NI	NI
Singapore Telecom	NR	AQ	AQ	AQ	NR
SK Telecom	AQ	AQ	AQ	AQ	NR
Skandinaviska Enskilda Banken	AQ	NI	NI	NI	NI
SLM Corporation	DP	DP	NR	NR	NI
Societe Generale	AQ	AQ	AQ	AQ	AQ
Softbank	NR	NR	DP	NI	NI
Sony	AQ	AQ	AQ	AQ	AQ
Southern Company	AQ	AQ	AQ	AQ	AQ
Sprint Nextel Corporation	AQ	IN	IN	IN	DP
Standard Chartered	AQ	AQ	AQ	AQ	IN
Staples, Inc.	AQ	AQ	AQ	DP	NI
Starbucks Corporation	AQ	AQ	AQ	AQ	NI
State Street Corporation	AQ	AQ	AQ	AQ	IN
Statoil	AQ	AQ	AQ	AQ	AQ
Stryker Corporation	DP	AQ	NR	NR	DP
Suez	AQ	AQ	AQ	AQ	AQ
Sumitomo Corp.	AQ	NI	NI	NI	NI
Sumitomo Metal Inds.	AQ	NR	NI	NI	NI
Sumitomo Mitsui Financial Group	AQ	AQ	AQ	DP	NR
Sun Hung Kai Properties	DP	NR	NR	NR	DP
Sun Life Financial	AQ	AQ	AQ	DP	DP
Sun Microsystems, Inc.	AQ	NI	NI	NI	NI
Suncor Energy Inc	AQ	AQ	AQ	AQ	NI
SunTrust Banks, Inc.	DP	IN	IN	DP	NR
Surgutneftegas	NR	NR	AQ	NR	NR
Svenska Handelsbanken	AQ	AQ	AQ	AQ	NI
Swedbank	AQ	NI	NI	NI	NI
Swiss Re	AQ	AQ	AQ	AQ	AQ
Swisscom	AQ	AQ	AQ	AQ	AQ
Symantec Corporation	AQ	NR	DP	NI	NI
SYSCO Corporation	AQ	IN	IN	IN	NR
Taiwan Semiconductor Manufacturing	AQ	AQ	AQ	NR	NR
Takeda Pharmaceutical	AQ	AQ	AQ	AQ	NR
Talisman Energy	AQ	AQ	NI	NI	NI
Target Corporation	AQ	AQ	AQ	DP	DP
Tata Consultancy Services	NR	NR	NI	NI	NI

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Telecom Italia	AQ	AQ	AQ	AQ	AQ
Telefonica	AQ	AQ	AQ	AQ	AQ
Telekomunikasi Indonesia	DP	NI	NI	NI	NI
Telenor ASA	AQ	AQ	AQ	NI	NI
TeliaSonera	AQ	AQ	AQ	AQ	NR
Telstra Corporation Limited	AQ	AQ	AQ	AQ	AQ
Tenaris S.A.	NR	NR	NI	NI	NI
Tepco (Tokyo Electric Power Company)	AQ	AQ	AQ	AQ	AQ
Ternium SA	DP	NI	NI	NI	NI
Tesco	AQ	AQ	AQ	AQ	DP
Teva Pharmaceutical Industries Ltd	NR	NR	DP	NI	NI
Texas Instruments Incorporated	AQ	AQ	AQ	AQ	AQ
The Western Union Company	DP	NI	NI	NI	NI
Thermo Fisher Scientific Inc.	NR	NI	NI	NI	NI
Thomson Corp.	NR	NR	AQ	AQ	AQ
ThyssenKrupp AG	AQ	NI	NI	NI	NI
Time Warner Inc.	IN	IN	DP	IN	NI
TNT	AQ	NI	NI	NI	NI
Toronto-Dominion Bank	AQ	AQ	AQ	IN	NR
Toshiba	AQ	AQ	AQ	AQ	AQ
Total	AQ	AQ	AQ	AQ	AQ
Toyota Motor	AQ	AQ	AQ	AQ	NR
Transocean Inc.	AQ	AQ	AQ	NI	NR
Travelers Companies, Inc, The	AQ	NI	NI	NI	NI
TXU Corp.	NR	AQ	AQ	NI	AQ
Tyco International Ltd.	AQ	IN	IN	DP	NR
U.S. Bancorp	NR	AQ	AQ	NR	NR
UBS	AQ	AQ	AQ	AQ	AQ
Unicredit Group	AQ	AQ	AQ	AQ	AQ
Unified Energy System	NR	NR	AQ	NI	NI
Unilever	AQ	AQ	AQ	AQ	AQ
Union Pacific Corporation	IN	IN	AQ	DP	DP
United Overseas Bank Ltd	DP	NI	NI	NI	NI
United Parcel Services, Inc.	AQ	AQ	AQ	AQ	AQ
United Technologies Corporation	AQ	AQ	AQ	AQ	IN
UnitedHealth Group	AQ	AQ	AQ	AQ	DP
Valero Energy Corporation	NR	AQ	NI	NI	NI
Veolia Environnement	AQ	AQ	AQ	NI	NI

Company Name	CDP5	CDP4	CDP3	CDP2	CDP1
Verizon Communications Inc.	AQ	AQ	AQ	AQ	DP
Viacom Inc.	AQ	AQ	AQ	NR	NR
Vinci	AQ	AQ	NI	NI	NI
Vivendi Universal	AQ	AQ	AQ	AQ	AQ
Vodafone	AQ	AQ	AQ	AQ	AQ
Volkswagen	AQ	AQ	AQ	AQ	AQ
Volvo	AQ	AQ	AQ	AQ	NI
Vornado Realty Trust	NR	NI	NI	NI	NI
Wachovia	AQ	AQ	AQ	AQ	DP
Wal Mart de Mexico	AQ	AQ	AQ	AQ	AQ
Wal-Mart Stores, Inc.	AQ	AQ	DP	IN	NR
Walgreens	IN	IN	IN	DP	DP
Walt Disney Company, The	AQ	AQ	IN	IN	NR
Washington Mutual	AQ	AQ	AQ	DP	DP
Waste Management	AQ	AQ	AQ	AQ	DP
WellPoint, Inc.	DP	DP	NR	NR	NI
Wells Fargo & Company	AQ	AQ	AQ	AQ	IN
Westfield Group	IN	DP	NI	NI	NI
Westpac Banking	AQ	AQ	AQ	AQ	AQ
Wipro Limited	AQ	NI	NI	NI	NI
Woodside Petroleum	AQ	IN	NI	NI	NI
Woolworths Limited	AQ	NI	NI	NI	NI
Woori Finance Holdings	NR	NI	NI	NI	NI
Wyeth	AQ	AQ	AQ	AQ	IN
Xstrata	AQ	AQ	NI	NI	NI
XTO Energy	AQ	NR	NI	NI	NI
Yahoo Japan	AQ	AQ	IN	NI	NI
Yahoo!	AQ	NR	AQ	NR	NR
YPF SA – see Repsol YPF	AQ	NI	NI	NI	NI
Zimmer Holdings	AQ	AQ	AQ	AQ	NI
Zurich Financial Services	AQ	AQ	AQ	AQ	NR

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• Germanwatch, www.germanwatch.org • GHG Protocol, www.ghgprotocol.org • Global Reporting Initiative, www.globalreporting.org • Institutional Investors Group on Climate Change, www.iigcc.org
• Investor Network on Climate Risk, www.incr.com • The Climate Group, www.theclimategroup.org
• United Nations Environment Programme Finance Initiative, www.unepfi.net • World Economic Forum, www.weforum.org • WWF Germany, www.wwf.de



Mixed Sources
Product group from well-managed forests and recycled wood or fiber

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Contacts: Carbon Disclosure Project

James Cameron
Chairman

Paul Dickinson
Chief Executive Officer
paul.dickinson@cdproject.net

Paul Simpson
Chief Operating Officer
paul.simpson@cdproject.net

Jeremy Smith
Director
jeremy.smith@cdproject.net

Sue Howells
Head of Global Operations
sue.howells@cdproject.net

Sylvie Giscaro
Director Europe
sylvie.giscaro@cdproject.net

Tim Keenan
Executive Officer
tim.keenan@cdproject.net

Zoe Riddell
Vice President – USA
zoe.riddell@cdproject.net

Amanda Haworth-Wiklund
Nordic Director
amanda.haworth@cdproject.net

Daniel Turner
Project Manager
daniel.turner@cdproject.net

Joanna Lee
Corporate Partnerships
joanna.lee@cdproject.net

Lois Guthrie
Technical Director
lois.guthrie@cdproject.net

James Howard
Senior Project Officer
james.howard@cdproject.net

Brittany Chamberlin
Project Officer – USA
brittany.chamberlin@cdproject.net

Alicia Ayars
Project Officer
alicia.ayars@cdproject.net

Nick Silver
Business Coordinator
nick.silver@cdproject.net

Vicky Grinnell-Wright
Supply Chain Project
vicky.grinnell@cdproject.net

Nigel Topping
Supply Chain Project
nigel.topping@cdproject.net

Take Sueyoshi
Director – Japan
take.sueyoshi@cdproject.net

Carbon Disclosure Project
40 Bowling Green Lane
London, EC1R 0NE
United Kingdom
info@cdproject.net
Tel: +44 (0) 207 970 5667
Fax: +44 (0) 207 691 7316

Innovest Strategic Value Advisors

Eric Kane
Analyst
(212) 421 2000 x 207
ekane@innovestgroup.com

Matthew Kiernan
CEO
(905) 707 0876 x 204
mkiernan@innovestgroup.com

Hewson Baltzell
President
(212) 421 2000 x 215
hbaltzell@innovestgroup.com

Doug Morrow
Senior Analyst
(905) 707 0876 x 216
dmorrow@innovestgroup.com

Pierre Trevet
Managing Director
(415) 332 3506
ptrevet@innovestgroup.com

Mario Lopezalcala
Analyst
(212) 421 2000 x 214
mlopezalcala@innovestgroup.com

Eric Xu
Analyst
(212) 421 2000 x 222
exu@innovestgroup.com

Eric Roberts
Research Assistant
(212) 421 2000
eroberts@innovestgroup.com

Alicia Chin
Research Assistant
(212) 421 2000
achin@innovestgroup.com

675 Third Avenue
Suite 400
New York, NY 10017
United States
P (212) 421 2000
F (212) 421 9663

1505 Bridgeway
Suite 106, Sausalito
Sausalito, CA 94965
P (415) 332 3506
F (415) 332 3566

4 Royal Mint Court
London, EC3N 4HJ
United Kingdom
P +44 (0) 20 7073 0470
F +44 (0) 20 7073 0473

110 Boulevard de Sebastopol
75003 Paris
France
T +33 (0) 1 44 54 04 89
F +33 (0) 1 44 54 02 30

225 E. Beaver Creek Road
Suite 300
Richmond Hill, Ontario
L4B 3P4, Canada
P (905) 707 0876
F (905) 707 9084

CDP Advisory Board

Andrew Dlugolecki
Andlug Consulting

Alan Brown
Carbon Disclosure Project

Bob Monks
Lens

Caroline Williams
Nathan Cummings Foundation

Colin Maltby
Carbon Disclosure Project

Doug Bauer
Rockefeller Philanthropy Advisors

Eckart Wintzen
Ex'tent

Martin Whittaker
Mission Point Capital Partners

Robert Napier
Carbon Disclosure Project

Jane Ambachtsheer
Mercer

Chris Schroder
Carbon Disclosure Project

Fiscal Agent and sponsor liason
Rockefeller Philanthropy Advisors
437 Madison Avenue
New York 10022
United States