



CARBON DISCLOSURE PROJECT

2007 Results and Key Findings

**Westminster Energy Forum
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Carbon Disclosure Project (CDP) Background

- CDP Mission: To facilitate a dialogue between investors and corporations supported by quality information from which a rational response to climate change will emerge
- CDP provides a coordinating secretariat for institutional investor collaboration
- Create a lasting relationship between shareholders and corporations regarding the implications for shareholder value and commercial operations presented by climate change
- CDP is a not for profit organisation, independent with US charitable status 501(c)3, application to be UK charity
- CDP supported financially by donations, sponsorship and the governments of USA, France, UK, Australia and Sweden



Carbon Disclosure Project Overview

- Launched at No.10 Downing Street in 2000
- 2007 information request supported by 315 investors with assets of \$41 trillion and sent to 2,400 companies
- Over 1,300 large corporations answer the questions
- Participation from blue-chip institutions globally:
 - ABP, AIG, Allianz, Aviva, AXA, Barclays, CalSTRS & CalPERS, Credit Suisse, Goldman Sachs, HSBC, JP Morgan Chase, Merrill Lynch, Munich Re, Mitsubishi UFJ, Rabobank, Royal Bank of Scotland, UBS
- Now entering its sixth iteration, CDP has become the standardised GHG reporting mechanism, and hosts the largest registry of corporate GHGs in the world at www.cdproject.net
- Now moving into Supply Chain. Wal-Mart partnership, CDSB

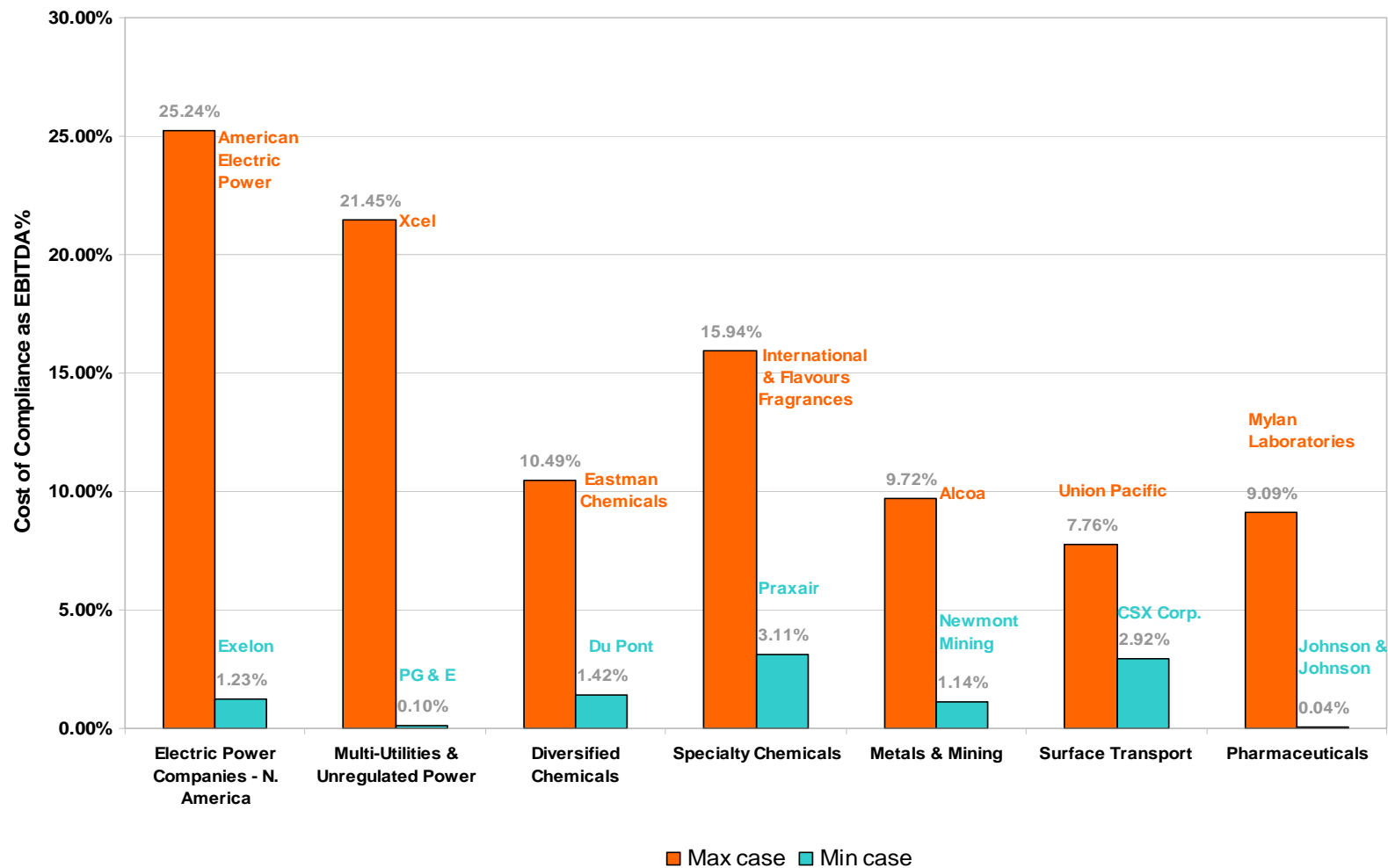


Key Findings from CDP5 FT500 Sample

- Highest response rate ever – 77% (72%)
- Improved carbon accounting; more robust responses
- Corporates closing the awareness/action gap
- Strategic opportunities as well as risk (82%)
- Wide variations in risk exposure – between and within sectors
- Increased FT500 commitment to renewables and energy efficiency
- FT500 CDP respondents spend \$128 billion on energy
- Massive increase in scope 3 reporting (from 16% to 52% of total)

"Carbon Beta™" Varies Widely – Both Between and Within Sectors

CO₂ Regulatory Cost of Compliance as Percentage of EBITDA





The First 5 Years What Have We Learned So Far?

- The global industrial restructuring towards a “low carbon” future has already begun
- Risks – and opportunities – are much more broadly – and unevenly — distributed than previously thought
- Corporations are closing the awareness/action gap rapidly
- Both companies and investors can in fact make money from climate change – and some are already doing so
- For investors, climate risk has four dimensions, not just one!
Analysis must consider:

Risk/carbon footprint - risk management capability - market-driven upside opportunities - Performance improvement vector

The title "CDP Moving into Supply Chain" is positioned in the upper left of a blue banner. The banner features a background image of a modern glass skyscraper against a bright blue sky with scattered white clouds. The text is in a white, sans-serif font.

CDP Moving into Supply Chain

- Corporations already responding to CDP are aware that up to 90%+ of their emissions (Retail) are held in their Supply Chains
- In order to develop and deliver robust and effective Carbon Management Strategies they are increasingly aware of the need to look into Supply in greater detail
- There is a growing body of Corporate (and Public Sector) interest in collaborating, as the investor community does, to produce a cohesive Supply Chain questionnaire
- CDP is working with several large corporations (Supply Chain Leadership Collaboration project) and local and national governments to deliver this work via its trusted third party status



Wal-Mart Supply Chain Project

- “Due to our size and scope, Wal-Mart is uniquely positioned to have an impact on our world, perhaps like no company before”
- “The Wal-Mart supply chain is large and diverse, ranging from very small companies to FORTUNE 50 corporations. We do not yet have an accurate assessment of our supply chain GHG foot print; however, for strategy development purposes we estimate it to be 10 times the Wal-Mart GHG footprint. Over the next two years we intend to develop supplier score cards to evaluate the environmental footprint of suppliers which, we expect, to include GHG reporting”
- Wal-Mart has 68 000 suppliers
- In 2008 Wal-Mart will request disclosure from 6-10k suppliers via CDP, working towards global standard with SCLC



New developments, Climate Disclosure Standards Board

- Convened at WEF in 2007
- Carbon Disclosure Project provide the Secretariat
- Includes leading authorities in corporate GHG reporting:
 - California Climate Action Registry – CERES - International Emissions Trading Association - The Climate Group - World Resources Institute
- Plans focus on harnessing the power of the global accounting profession
- CDSB work plan created for 2007 to 2009



Thank you

Carbon Disclosure Project

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