

**Media Contacts:**New York

Sam Boykin at Fenton Communications:  
 sboykin@fenton.com  
 + 1 212 584 5000

London

Raj Singh at Carbon International  
 raj.singh@carboninternational.com  
 + 44 (0) 20 7586 2780

## The \$31.5 Trillion Question: Is Your Company Prepared for Climate Change?

*\$31.5 Trillion Investor Coalition, the Carbon Disclosure Project, Spurs Disclosure of Climate Change Strategies from World's 500 Largest Companies, Including New Participants Wal-Mart, Home Depot, Boeing, Amex and Disney*

**New York and London -- September 18, 2006 --** Climate change has become a major concern among leading US financial institutions and companies, according to a report to be issued today by the Carbon Disclosure Project (CDP), a coalition of global investors with more than \$31.5 trillion in assets.

The \$31.5 trillion in assets behind CDP4 represents an increase of over \$10 trillion (50%) from the \$21 trillion behind CDP3 in 2005. Much of the increase is the result of US financial giants AIG, Goldman Sachs and Morgan Stanley becoming CDP signatories.

James Cameron, Chairman of the CDP said: "The findings of CDP4 confirm that awareness of the risks and opportunities posed by climate change has risen dramatically among investors and the companies they own. But awareness alone will not drive the changes in investment and corporate strategy needed if disastrous climate change is to be avoided, for that investors will have to put the CDP data to work."

On behalf of its 225 signatory investors, CDP on February 1<sup>st</sup> 2006 requested information on corporate risks and opportunities associated with climate change from more than 2,000 companies globally including the world's 500 largest publicly-owned companies (FT500). The institutional investors represented by CDP will receive the companies' answers and CDP's fourth annual report (CDP4) on the FT500 companies' responses written by consultancy Innovest and released this morning at the New York headquarters of Merrill Lynch and on the CDP website [www.cdproject.net](http://www.cdproject.net).

CDP4 report's key findings:

### Disclosure Trends

- CDP4 generates highest-ever response rate, with 72%, or 360 of the FT500 companies responding, up from 47% of the companies that responded when CDP first surveyed the FT500 in 2003.
- CDP4 sees a dramatic increase in the response rate from US companies, with 58% answering the questions, up from 42% in 2005. But many US companies continue to lag.
- US companies responding for the first time to CDP's request for information include American Express, Boeing, Home Depot, Disney and Wal-Mart.
- US companies appearing in the CDP4's Climate Leadership Index, which identifies best in class responses, include Chevron, Citigroup, Ford, FPL Group, GE and Marsh and McLennan.

- 87% of responding companies indicated climate change represented “commercial risks and/or opportunities”.
- Action to reduce emissions trails awareness of the issue. Less than half (48%) of companies that consider climate change to present commercial risks and/or opportunities to their business have implemented a greenhouse gas (GHG) reduction program.

### Financial Implications:

- GHG regulation creates winners and losers. The best positioned company in the Innovest GHG regulatory model could have windfall revenues yielding \$298 million or 10.6% of 2005 earnings (EBITDA). The worst could lose 25% of its EBITDA due to regulatory compliance costs.
- GHG reduction less costly than expected. At a fixed marginal abatement cost of \$25 per tonne, many companies could reduce their “business as usual” 2012 emissions to 10% below 2005 levels for less than 1% of their reported 2005 earnings.
- Clean energy grows up. In North America “clean tech” has become the fifth largest venture capital investment category, trailing only Biotechnology, Software, Medical and Telecommunications. It is estimated that the clean energy market will grow from \$39.9 billion currently to \$167.2 billion by 2015.
- Investors taking action on climate change. Numerous financial institutions, including AIG, Allianz and Goldman Sachs have released dedicated climate change policies in the past 12 months. Moreover, Citigroup, JP Morgan Chase and Morgan Stanley among others have published equity research reports analyzing the financial performance of the carbon markets.

Win Neuger, CEO of AIG Global Investment Group (AIGGIG) said: “As an investor, we must actively manage the risks and opportunities related to climate change and other environmental trends. The information gathered by the CDP helps us do this. On the opportunity side, AIGGIG is allocating new private equity to GHG mitigating investments.”

A Wal-Mart spokesperson said: "Over the past two years, while developing their climate change strategy, Wal-Mart gained a new appreciation of the CDP process and decided to file its CDP4 submission. This process provided the company with valuable insight, including data showing the refrigerants used in grocery stores made up a larger percentage of the company's greenhouse gas footprint than its truck fleet. Although a significant effort is focused on trucks to improve their fuel efficiency, this new insight is focusing Wal-Mart on the potential of reducing its refrigerant footprint."

### **Notes for Editors**

The Carbon Disclosure Project is a special project of Rockefeller Philanthropy Advisors in New York. The group of investors is not a legal entity and the Carbon Disclosure Project has no authority to make any other statement on behalf of the participants. Full details on CDP, the CDP reports and the responses from corporations can be found at [www.cdproject.net](http://www.cdproject.net).

The CDP4 report was written by Innovest Strategic Value Advisors [www.innovestgroup.com](http://www.innovestgroup.com)