



Climate Change Business Leaders Survey

Summary of Results

KPMG LLP (UK)



Climate Change Business Leaders Survey

A recent survey undertaken by You Gov, on behalf of KPMG in the UK, interviewed 73 senior executives from the FTSE 350 and equivalent private companies, to find out how the business leaders of today are responding to the issues and challenges surrounding climate change.

'86 percent of business leaders interviewed do not have a strategy in place for responding to climate change.'

(Source: KPMG LLP (UK)/ You Gov Survey April 2007)

The findings of this recent survey confirm that businesses have considerable work to do if they are going to strike the right balance between maintaining competitiveness and meeting new responsibilities as envisaged in the recent Energy White Paper - *Meeting the Energy challenge*, published by the DTI.

Even though the majority of respondents (81 percent) claim to personally have a good or full understanding of climate change, the survey highlighted a clear lack of understanding from a business perspective, with only 49 percent of the executives interviewed claiming to fully understand the implications of climate change and carbon reduction.

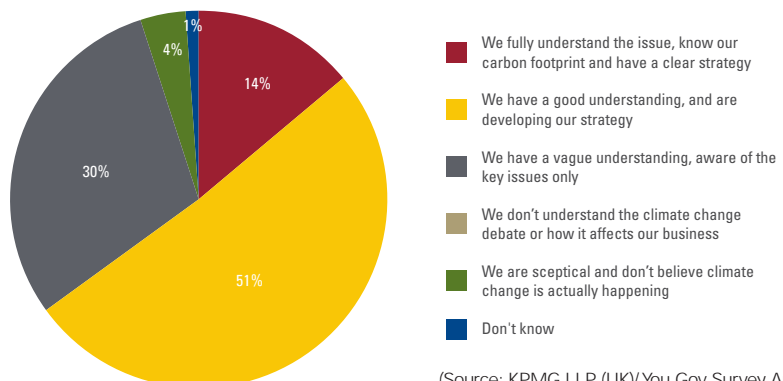
Fifty five percent of interviewees expect climate change to impact on strategic development plans and operational

management however when asked about specific measures adopted to tackle these issues, more than half (53 percent) have not yet updated or reviewed their business model in order to manage these new challenges.

Still a priority

Results do demonstrate however that there are high levels of interest in global warming and climate change as part of the wider business agenda; 86 percent of those interviewed claim to be either 'very' or 'fairly' interested in terms of adding these issues to their strategic discussions. Fifty one percent say they are now starting to develop a strategy to deal with these concerns.

More than half of respondents (52 percent) see climate change as an important modern day business issue with the majority (71 percent) expecting it's significance as a business issue to increase over time.



(Source: KPMG LLP (UK)/ You Gov Survey April 2007)

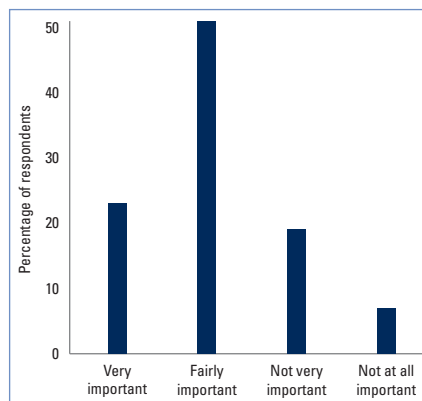


Asked to indicate the relative importance of climate change as a business issue, the following TOTAL levels of importance were recorded:

Profitability	100%
Employee engagement and performance	100%
Customer service	100%
Risk management	96%
Marketing	95%
Technology	93%
CSR	89%
Brand awareness	88%
Climate Change	74%

(Source: KPMG LLP (UK)/You Gov Survey April 2007)

Looking at these results in more detail, the majority of respondents (51 percent) claimed climate change is a 'fairly important' issue although perhaps not surprisingly 19 percent suggest it is 'not a very important issue' to their business. With just over a quarter (27 percent) of businesses describing climate change as one of their top 9 strategic priorities it seems that global warming and climate change are increasingly rising to the board agenda.



(Source: KPMG LLP (UK)/You Gov Survey April 2007)

Leading the way

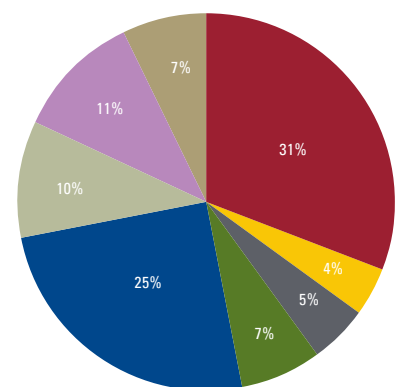
Nearly half (48 percent) of those interviewed believe that the UK should be leading the way on climate change and 4 out of 10 believe it is an issue that requires an international response.

When surveyed, 8 out of 10 execs stated that they are aware of the actions they are encouraged to undertake to tackle climate change and just over half (55 percent) are aware of the plans the government is putting in place to tackle these issues.

Fifty two percent believe that policies such as the Kyoto protocol and the UK Government Climate Change Bill are likely to result in businesses taking positive steps towards tackling climate change.

Twenty six percent of those interviewed claim to not know what the long-term (2050) government target for climate change is.

Bearing this in mind, nearly a third (32 percent) regard the Government as their key influencer on climate change policy, with 25 percent placing their clients in this role. However, less than a quarter of respondents think that the Government is doing enough to educate the UK about these issues. Forty two percent of respondents felt that the Government are not doing enough to educate businesses and on a similar note 49 percent felt that Government are not doing enough to educate the individual.



■ Government ■ Customers
■ Regulator ■ Employees
■ Peer group ■ Other (please specify)
■ Investors/shareholders ■ Don't know

(Source: KPMG LLP (UK)/You Gov Survey April 2007)



Who's responsibility is it?

Looking at the domestic approach, respondents were asked to assign responsibility for each of the following initiatives:

1. **Education and increasing awareness and understanding of the issue**
2. **Influencing people's behaviour through leading-by-example**
3. **Investing in technology to reduce climate change**

Respondents consider the Government to be most responsible for educating and increasing awareness of the issue, bearing 56 percent of the responsibility to just 24 percent to business and 19 percent to the individual. Respondents felt that the Government and business share the responsibility of leading by example (42 percent and 41 percent respectively).

The greatest responsibility assigned to individuals is for investment in technology; respondents think nearly a quarter of the responsibility for this rests with the individual, 46 percent with the Government and 30 percent with business.

On the specific measures adopted to tackle climate change:

- 92 percent of business are recycling or using recycled products
- 85 percent are using energy efficient appliances

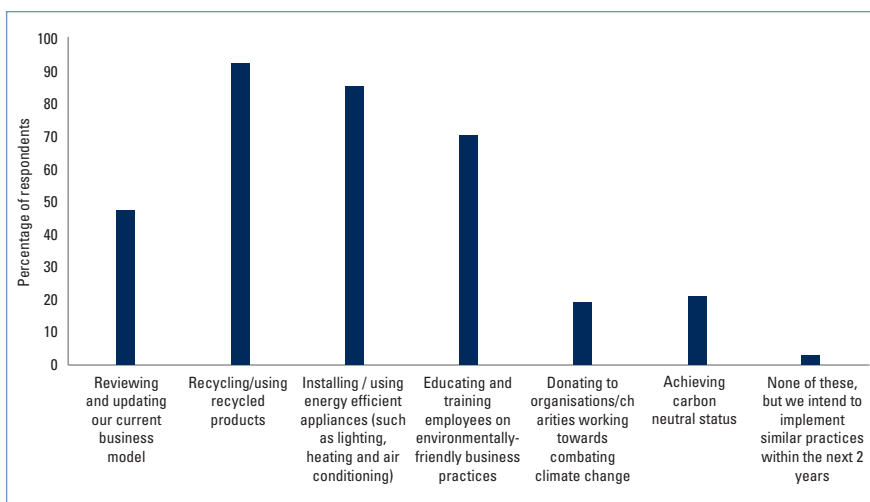
- 70 percent claim to be educating their employees about environmentally friendly business practices
- 47 percent (significantly less, though still nearly half) of businesses claim to have reviewed or updated their current business model
- 21 percent have, or are working to, achieve carbon neutral status

The preferred source of information on climate change are the Quasi-governmental establishments such as the Carbon Trust - 73 percent of respondents rated these as their number one most trusted source.

Tackling the issue -

Seventy four percent of all respondents feel that producing less greenhouse gases is the key to dealing with global warming however an even stronger message comes from the 84 percent who believe that education and increasing awareness amongst businesses is key to the issue of combating climate change .

An impressive 85 percent of respondents are engaging in installing and using energy efficient appliances such as lighting, heating and air conditioning to tackle climate change whereas only 21 percent of businesses which responded are engaging in activities to achieve carbon neutral status.



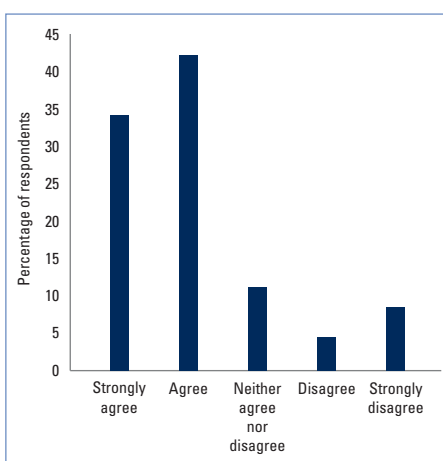
(Source: KPMG LLP (UK)/You Gov Survey April 2007)

<http://www.kpmg.co.uk/issues/index.cfm>



So how crucial is the here and now in terms of addressing the issues arising through global warming and climate change? According to the senior executives interviewed a strong 76 percent agreed that businesses and individuals need to invest in our future now.

Q. Businesses and individuals need to invest in our future by changing the way we work and live now and by taking steps towards tackling climate change?



(Source: KPMG LLP (UK)/ You Gov Survey April 2007)

Next steps...

Results from the survey show there is **“a significant knowledge gap in many large organisations, as they try to devise an appropriate carbon emission reduction strategy. The trick for businesses will be to take actions which ensure they comply with any future regulations but which increase rather than decrease business performance.”**

(Alan Buckle, Chief Executive of Advisory, KPMG in the UK)

To support our clients in providing them with the kind of advice they need in order to deal with key climate change issues, help reduce their carbon emissions and comply with new regulation, KPMG in the UK has formed KPMG's Carbon Advisory group. A team which combines the strengths of KPMG's Accounting, Corporate Finance, Tax and Advisory practices in helping businesses respond to the current environment in a way that can enhance performance and reputation.

**For further details around the Carbon
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