

**Securities Filing and Climate Change:
Much Opposition to SEC/OSC-Type Filing Requirements;
Continued Uncertainty about Climate Change Evidence**

**BDO Dunwoody CEO/Business Leader Poll
by COMPAS in the Financial Post
for Publication September 24, 2007**



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1.0 Introduction

In the United States, major state government officials and pension funds called on the Securities and Exchange Commission to require all public companies to report annually on how they address climate change risks. Prior to this, the Canadian Institute of Chartered Accountants produced a draft blueprint for how companies should report on these matters.

The COMPAS panel of CEOs and business leaders were asked for their views on the climate-related reporting requirements of public companies. They were also asked for their views about whether Canada should act quickly on the assumption that green house gases could have a devastating climate-change-related impact or whether action should await more evidence.

On both matters, panellists are ambivalent and uncertain. They continue to be uncertain about the true facts of climate change, as they were in late 2006. As for reporting requirements, a very slim majority might be potentially receptive to requiring public companies to report their strategies for reducing green house emissions related to climate change (49% favour vs. 31% oppose).

No majority, slim or otherwise, is apt to emerge in the immediate future for other, more detailed reporting obligations. For example, 31% support while 46% oppose requiring public companies to report on “strategies for employing personnel with the skills relevant to these issues.”

These are the key findings from the current web-survey of the panel of CEOs and business leaders undertaken for the *Financial Post* under sponsorship of BDO Dunwoody LLP.

2.0. Reticence about Compulsory SEC Reporting

Despite strong enthusiasm for such reporting requirements in some quarters in the United States and also in the United Kingdom, panelists remain



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quizzical or indeed skeptical about the desirability of such requirements, as shown in table 2.

Table 2: (Q2) In the United States, major state government officials and pension funds have recently called on the Securities and Exchange Commission to require all public companies to report annually on how they address climate change risks. Two years ago, the Canadian Institute of Chartered Accountants produced a draft blueprint for how companies should report on these matters. On a 7 point scale where 7 means definitely report and 1, definitely not, should public companies in Canada be required to report to our securities administrators the following type of information: RANDOMIZE

Strategies for reducing green house emissions related to climate change								
Mean	7	6	5	4	3	2	1	DNK
4.2	8	16	25	17	8	9	14	3
Strategies for addressing climate change								
Mean	7	6	5	4	3	2	1	DNK
3.8	6	13	21	20	8	12	16	4
Control and information systems for monitoring climate-related risk								
Mean	7	6	5	4	3	2	1	DNK
3.8	4	16	19	17	9	13	17	5
Strategies for collecting information on climate issues and impacts								
Mean	7	6	5	4	3	2	1	DNK
3.7	6	13	18	16	10	14	19	5
Strategies for employing personnel with the skills relevant to these issues								
Mean	7	6	5	4	3	2	1	DNK
3.4	6	6	19	20	8	15	23	4



3.0. Ambivalence about Climate Change Policy

The reticence of panelists to support climate-change-related reporting requirements for public companies parallels their continued ambivalence and uncertainty on the substance of the issue, as shown in table 3.

Table 3: (Q1) On the matter of climate change, using a 7 point scale where 7 means agree strongly and 1, disagree strongly, how much do you agree with the following opinions?
RANDOMIZE

Given a near consensus among scientists that carbon gases threaten climate change, Canada's priority must be to pay the necessary costs for cutting the use of fossil fuels, Sept., 2007	4.4	8	26	22	15	6	11	10	4
Dec., 2006	4.3	10	22	20	17	7	12	11	1
Given that scientists in the past have had a near consensus on facts that turned out to be unfounded, Canada should wait for more evidence before changing our way of life with a large effort to stop greenhouse gases Sept., 2007	3.9	14	13	13	12	16	15	15	4
Dec., 2006	3.7	11	14	16	9	12	14	24	1

The range of mixed opinions among panelists about climate change and reporting obligations is reflected in the following verbatims:

"Climate change" remains a "snow job" of monumental proportions: i.e. [there is] no dispute that climate is changing. The world's climate is always in a permanent state of flux.



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The biggest single example is that we had four ice ages in the last 100K years or so. A thousand years ago, the Vikings found grape vines growing in Newfoundland [where] it was so warm (i.e. "Vinland"). Five hundred years ago, it was so cold that we had ice on the St. Lawrence start as early as October.

All of this climate change occurred long before industrialization. So, yes, by all means, we very much do need to, and should, limit and restrict putting bad stuff into our air and water. But let's just stop all this "the sky is falling" hype over what it is, as far I can see, a very natural process. It is essentially a very false and misleading premise to assume that we have any material impact on that process.

Europe is light years ahead of Canada and the US, and the US is far ahead of Canada.

Canada should have a Canada wide GHG policy. It is inconceivable that Alberta has limited the LFI's to 12% intensity reduction and capped their CO2 credits to \$15.

Why would an LFI invest in Alberta? A GHG emission reduction project will get \$15/ton whereas if it invests in a developing country it is bound to get double that amount on the CO2 trading exchange.

Climate change is very important to all people worldwide. That said, however, I suggest that sufficient evidence exists confirming the world climate has undergone climate change since the beginning of time and done so without the so called 'greenhouse gas effect' generated by humans.

It would be foolish indeed to raise the costs consumers now face on marginal evidence, if any, that mankind is the problem regarding climate change - particularly since the atmospheric makeup is 85% water vapor. I believe climate change is contingent on the very nature of our planet, the sun and other spatial related cause/effect.



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Climate change, if indeed it is occurring, is not caused by man's activities and is an entirely natural phenomenon over which we have no control. To think anything else is hubris of the worst sort.

Consumers and/or investors should be provided with the information needed to make personal consumption and investing choices.

The coming energy crisis is coming within 20 years. This of itself will seriously slow down global warming.

Your questions are a little bit like: if you had a million dollars would you buy a car? In actual fact, you may not buy a car no matter how much money you have and it is therefore easy to reach the incorrect conclusion that if you had a million dollars you would buy a car.

I don't think securities regulators are the ones who should be the recipients of this information, but I do think someone should be. God help us if the government bureaucrats should be asked to set up another agency though. The gun control bureaucratic fiasco has proven they are incapable. Set up an independent agency with a board of experts, funded by a fee paid by businesses to submit their required report (with the fee based on complexity of the inputs/technology/outputs). The agency publishes comparable report cards. Let the public vote with their wallets on shares and products.

It is none of the accounting profession's business. They should stick to counting dollars. GHG reporting should not be a required part of public reporting unless it is material to the company's financial statements. Companies should certainly be encouraged to issue annual sustainability reports, including GHGs. If governments want to require it, they should legislate it.



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The climate change issue has reached hysterical proportions. The so called green house gas theory is based on shaky science. It is unfortunate the world will spend trillions on 'solutions' that will not make one iota of difference.

The hysteria being generated over man-made climate change will turn out to be one of the biggest hoaxes perpetrated by statistis and radical environmentalists since communism. The time and energy wasted on this issue is probably immeasurable.

There is much we do not know about climate change and the effect we are having through carbon fuels. There is also much talk about using more nuclear [fuels] than in the past.

So many views, so many changes in opinions. The fact that there is an effect of global warming is clear. The causes can only be estimated as natural effects are also responsible.

Governments are fleeting in terms of time, so their agendas are self centered, driving policy in accordance with those agendas.

The developed world does produce a disproportionate percentage of greenhouse gases, but we must not discount the effect that a China and India has on the whole problem, something that will become increasingly apparent in the next decade. What are they going to do to help solve the problem?

There is no doubt that it is everyone's duty to prevent climate change.



4.0. Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted September 19 – 21, 2007. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 110 are deemed accurate to within approximate 9.4 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D. and Tamara Gottlieb.

