



Most Environmentally and Socially Controversial Companies in September 2008

Zurich, October 6, 2008 / Charlotte Mansson

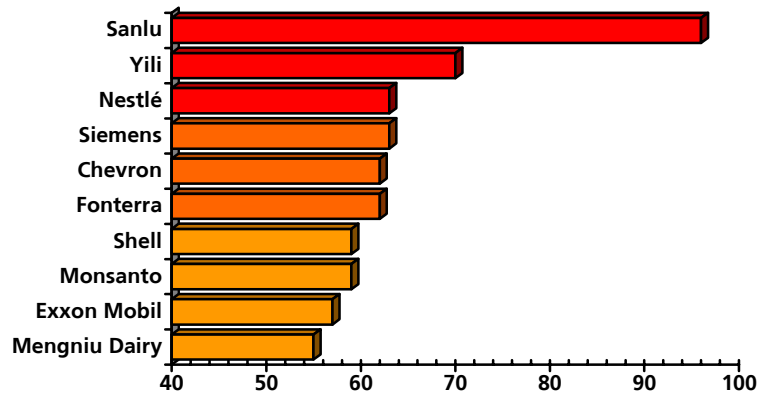
Since we began publishing the Most Controversial Companies report, ECOFACT has received many questions about the report's methodology and approach. To clarify some of these questions, we would like to reiterate the following three points:

1. ECOFACT is not a ratings agency. We objectively monitor the level of criticism to which a company is exposed.
2. We measure *the risk* to a company's reputation, not its *actual* reputation.
3. The top ten list is made up of the companies with the highest current Reputational Risk Index scores and reflects the combined level of criticism in recent weeks. A company must have been exposed to a considerable level of severe criticism from high-profile sources to make it on to the top ten list. However, just because a company is not in the top ten does not mean it is not being criticized. Each report is compiled by taking the ten most criticized companies in our database of 7,000 companies. If you would like more background information on each company's full risk exposure, please contact us for details.

For further information, please refer to the methodology section at the end of the report.

According to the reputational risk radar RepRisk, the top ten most environmentally and socially controversial companies in September 2008 were: Sanlu, Yili, Nestlé, Siemens, Chevron, Fonterra, Shell, Monsanto, Exxon Mobil, and Mengniu Dairy. This past month's ranking has been heavily influenced by the contaminated Chinese milk powder scandal, which is reflected in the high number of involved companies in the top 10 list. In addition, companies have been severely criticized by the world's media and NGOs for issues including human rights abuses, severe environmental violations, impacts on local communities, corruption and bribery, and breaches of labor, health and safety standards. Rankings are based on the Reputational Risk Index (RRI), as measured by RepRisk in September of this year.

RepRisk does not measure a firm's overall reputation. Instead, by capturing criticism, RepRisk provides an indicator of reputational risk. RepRisk is used by asset owners and asset managers, commercial and investment bankers, and supply chain managers and corporate responsibility experts.



Top ten most criticized and controversial companies in September 2008

The three environmental and social issues for which the ten companies were criticized most were:

1. Products (Health and Environmental Issues)
2. Impacts on Ecosystems/Landscapes
3. Impacts on Communities

The RRI ranges from zero (lowest) to 100 (highest) and its calculation is based on the reach of news sources, the frequency and timing of news, as well as its content, i.e. severity and novelty of the issues addressed. The RRI is an indicator of a company's exposure to controversial issues and allows an initial assessment of the risks which are attached to investments and business relationships. It also allows the exposure of an entity to be compared with that of its peers and permits risk trends to be tracked over time.

The following pages provide a summary of the criticism to which the ten most controversial companies have been exposed, as well as the environmental and social issues that have been associated with these companies. The company's ranking from the July report is shown in brackets. A company criticized for the first time in September of this year is indicated by "[new entry]".

Please refer to page 8 for more details on methodology.

Shijiazhuang Sanlu Group Holding Co. Ltd., Rank 1 [New Entry]

Shijiazhuang Sanlu Group Holding Co. Ltd. has been embroiled in a major scandal involving the contamination of its milk powder with melamine. The company, which is 43 percent owned by Fonterra, has been blamed for three infant deaths and thousands of children falling ill, allegedly caused by tainted milk powder. An official product recall was issued only after the New Zealand government intervened. It is alleged that farmers or dealers may have diluted milk with water and added melamine to make the milk's protein level appear higher than it really was.

Top two issues:

1. Products (Health and Environmental Issues)
2. Supply Chain (E, S, L Issues)



Inner Mongolia Yili Industrial Group Co. Ltd, Rank 2 [New Entry]

Inner Mongolia Yili Industrial Group is a Chinese dairy producer which has been implicated in the major milk powder scandal surrounding Sanlu (rank 1). Yili has had several products recalled owing to their contamination with melamine, a protein enhancer at the root of several infant fatalities in China. Some Asian and African countries have banned Yili products as a result.

Top two issues:

1. Products (Health and Environmental Issues)
2. Supply Chain (E,S,L issues)



Nestlé SA, Rank 3 [25]

The Peoples' Permanent Tribunal in Colombia criticized several international companies, including Nestlé, for human rights violations. It alleges that Nestlé is guilty of breaking up traditional unions, persecuting settlers, damaging workers' health, endangering ecosystems and neighborhoods, and involvement in unsolved murders. In a separate case, Nestlé was accused of using suppliers in the Ivory Coast that employ child labor. A Canadian journalist claimed that children as young as nine are being smuggled over the border and forced to work with machetes and pesticides for companies such as Nestlé. In Indonesia, Russia, and the Dominican Republic, Nestlé was accused of intimidating union members and of not upholding labor rights. Nestlé has also been involved in the milk powder scandal, as Hong Kong's Center for Food Safety found milk products sold by Nestlé to contain melamine.

Top three issues:

1. Impacts on Ecosystems/Landscapes
2. Impacts on Communities
3. Human Rights Abuses and Corporate Complicity

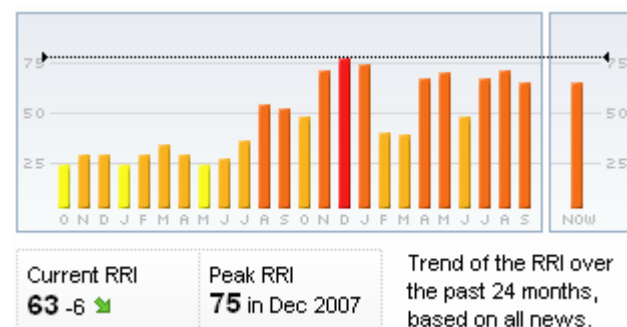


Siemens AG, Rank 4 [1]

Siemens has been embroiled in a widespread corruption and bribery scandal for most of 2008. This has also spread to its business in Greece. As the bribery case continued to evolve, the company came under fire for not doing enough to implement its own anti-corruption measures. In addition, Siemens was criticized by NGOs for its power lines in the Congo that had supplied coltan mining operations without benefiting local communities.

Top three issues:

1. Corruption, Bribery, Extortion and Money Laundering
2. Human Rights Abuses and Corporate Complicity
3. Impacts on Communities

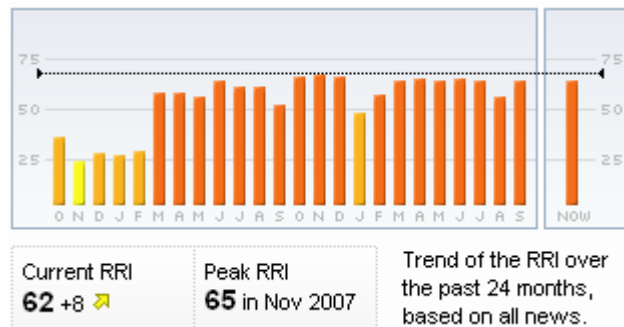


Chevron Corporation, Rank 5 [11]

Chevron was accused of faking clean-up efforts in the Amazonian rainforest of Ecuador. It was alleged that the company had remediated only a few of the pits that were built and filled with toxic material. In a separate case, NGOs plan to speak as witnesses at a hearing into Chevron and other companies that have been accused of being complicit in international human rights abuses committed in countries including the DR Congo, Indonesia, Myanmar (including Chevron's Yadana project) and Nigeria. In addition, a lawsuit has been filed in US courts against companies including Chevron for supporting the former regime in South Africa by providing weapons, financing, fuel, transportation, and military technology.

Top three issues:

1. Impacts on Communities
2. Impacts on Ecosystems/Landscapes
3. Human Rights Abuses and Corporate Complicity

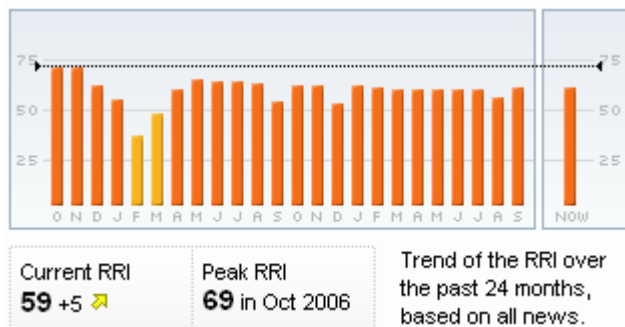


Royal Dutch Shell plc, Rank 7 [11]

Several NGOs have criticized Shell, saying that the carbon emissions caused by Shell's extraction operations at oil sands in Canada were higher than those caused by conventional oil production. In a separate case, NGOs have filed a complaint against Shell Argentina and Shell International for alleged violations of OECD guidelines for multinational enterprises at their refinery in Buenos Aires. Local residents have complained about environmental devastation resulting from the company's operations in recent decades. The South Durban Community Environmental Alliance (SDCEA) is preparing a class action lawsuit against Durban refinery owners, including Shell, claiming that the pollutants released by the oil companies are linked to high levels of cancer and asthma in local communities.

Top three issues:

1. Impacts on Ecosystems/Landscapes
2. Impacts on Communities
3. Local Pollution

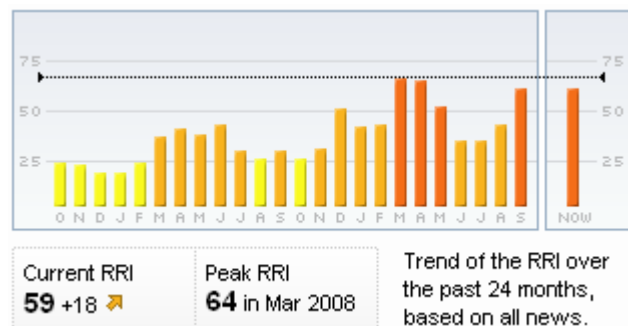


Monsanto Company, Rank 8 [40]

Monsanto and affiliated companies Mahyco and Mahyco Monsanto Biotech have been accused by the Norwegian Pension Fund's Council on Ethics of supporting child labor via their hybrid cotton seed cultivation licenses in India. In addition, Greenpeace has voiced its support for a documentary film entitled The World According to Monsanto, that alleges that Monsanto has falsified reports, lobbied governments and attempted corruption in order to have genetically engineered crops authorized without having independent scientific proof of their safety.

Top Three issues:

1. Products (Health and Environmental Issues)
2. Impacts on Communities
3. Impacts on Ecosystems/Landscapes

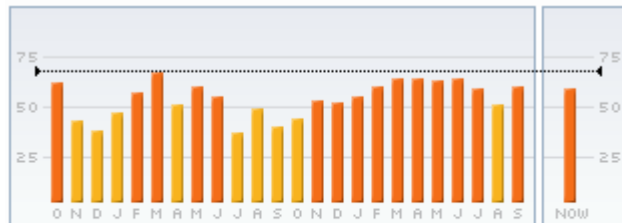


Exxon Mobil Corporation, Rank 9 [17]

Numerous NGOs have criticized Exxon Mobil's pipeline project, claiming it is funding governmental corruption and human rights abuses. The World Bank announced that it has withdrawn the funding required for the controversial Chad-Cameroon Pipeline project in which Exxon Mobil is involved. In a separate case, Exxon Mobil has agreed to pay USD 4 million to the Maryland Department of the Environment following a 26,000-gallon gasoline spill at a Baltimore County service station in 2005.

Top three issues:

1. Impacts on Ecosystems/Landscapes
2. Global Pollution (Including Climate Change)
3. Local Pollution



Current RRI **57** +8 ↗

Peak RRI **65** in Mar 2007

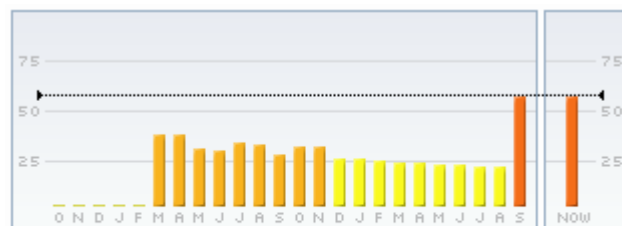
Trend of the RRI over the past 24 months, based on all news.

China Mengniu Dairy Co Ltd, Rank 10 [1350]

China Mengniu Dairy Company Limited is a manufacturing and distribution giant for dairy products in China, including Hong Kong and Macau. China Mengniu Dairy have recalled products after a government investigation revealed that 22 companies, including Mengniu Dairy Co, were found to have produced milk contaminated with melamine. Both KFC and Starbucks revealed that Mengniu Dairy Co was one of their suppliers and proceeded to withdraw products from their outlets. Many people, including children, have died or fallen seriously ill from the contamination.

Top three issues:

1. Products (Health and Environmental Issues)
2. Supply Chain (E, S, L Issues)
3. Local Pollution



Current RRI **55** +35 ↗

Peak RRI **55** in Oct 2008

Trend of the RRI over the past 24 months, based on all news.

Methodology

The "Most Environmentally and Socially Controversial Companies" report was compiled using information from the RepRisk database, which consists of negative news on companies' environmental and social performance. The RepRisk database currently covers more than 7,000 companies and holds news from thousands of sources, ranging from commercial newspapers and on-line media to NGO websites, blogs and newsletters. Once the negative news has been identified with advanced search algorithms and analyzed for its novelty, relevance and severity, risk analysts enter it into the database and link it to the companies in question. No news is entered twice unless it has been escalated to a more influential source or high-profile media outlet. This helps to ensure the balanced and objective rating and weighting of the negative news, and thus the company's RRI.

For more information about the "Most Environmentally and Socially Controversial Companies" report, please contact Charlotte Mansson at mansson@ecofact.com, tel: +41 44 350 6022, or visit our websites: www.reprisk.com or www.ecofact.com.

RepRisk®

RepRisk is a web-based tool that provides insights into environmental and social issues that present financial and reputational risks to a bank, company, or investment portfolio. It facilitates the identification and assessment of controversial issues associated with specific companies and business relationships.

RepRisk's assessment of the environmental and social performance of a company is based on the company's activities in the field, as observed by independent third parties, and is not derived from information provided by the company itself.

Every day, RepRisk captures the reactions of print media, more than 600 NGO websites and newsletters, news websites, blogs and other online sources to controversial issues relevant to financial institutions, other companies, and projects.

RepRisk covers controversial issues ranging from employee and community relations to resource availability and efficiency, environmental footprint and product portfolio-related risks. In particular, it addresses all of the principles of the UN Global Compact.

ECOFACT

ECOFACT is a leading provider of reputational, environmental and social risk management solutions in the financial industry. ECOFACT is based in Zurich and leverages a global network of sector and issue specialists. Our key competencies lie in translating non-traditional risks into relevant analyses and practical strategies for business. Our client base consists of asset managers, pension funds, commercial and investment banks, the leading development banks, insurance companies, and governmental agencies.

In addition to RepRisk and consulting projects and services, ECOFACT has developed a methodology to exploit investment opportunities for Sustainable Earnings in Emerging Markets (SEEM). The SEEM portfolio builds on ECOFACT's Country Risk Rating and underweights or even excludes companies with a high exposure to environmental, social or reputational risks, thus allowing risk-averse investors to participate in the growth of emerging markets.

ECOFACT AG was founded in 1998 as a spin-off from a leading Swiss bank and is a fully independent corporation.