
Getting Ahead of the Curve: Corporate Strategies That Address Climate Change

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Corporate Strategies Workshop

Pew Center on Global Climate Change

- **Established in 1998 as an independent, non-partisan climate organization**
- **Three-fold structure:**
 - **Research – a think/do tank**
 - **Actively advise on policy**
 - **Facilitate business engagement on climate through the Business Environmental Leadership Council (BELC)**
- **Strict independence earns credibility: the Center does not accept any funding from corporations, associations or governments.**

Pew's Business Environmental Leadership Council

- 42 large corporations active on climate
- Primarily Fortune 500 multinationals
- Employ over 3.3 million people and have a market value of more than \$2.4 trillion
- Most have either large direct GHG emissions or a large GHG “footprint” through their products

42 BELC Companies

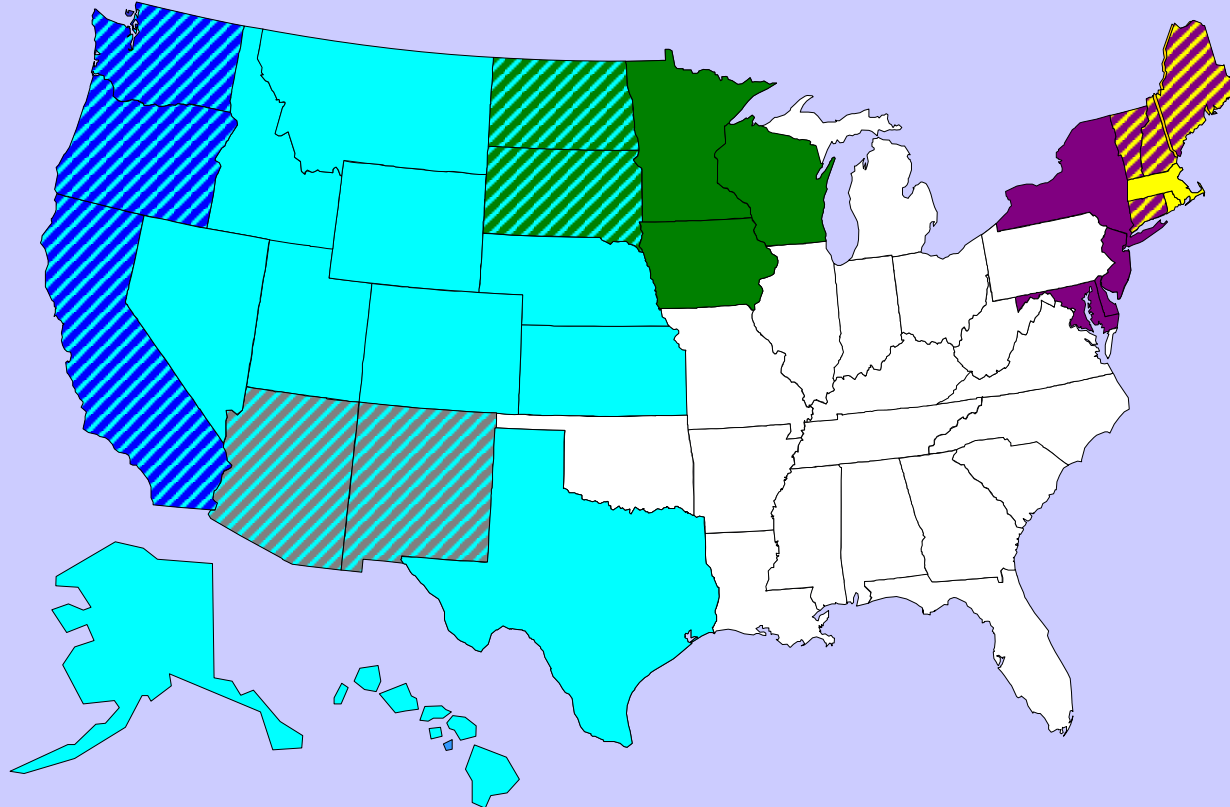


+ **Growing State & Regional Action**

+ **California and New England lead the way,
but almost every state is doing something**

- + • **Regional initiatives**
- + • **Climate action plans and GHG reporting**
- + • **Electricity**
- + • **Transportation**

Regional Initiatives



 West Coast Governors' Initiative

 Powering the Plains

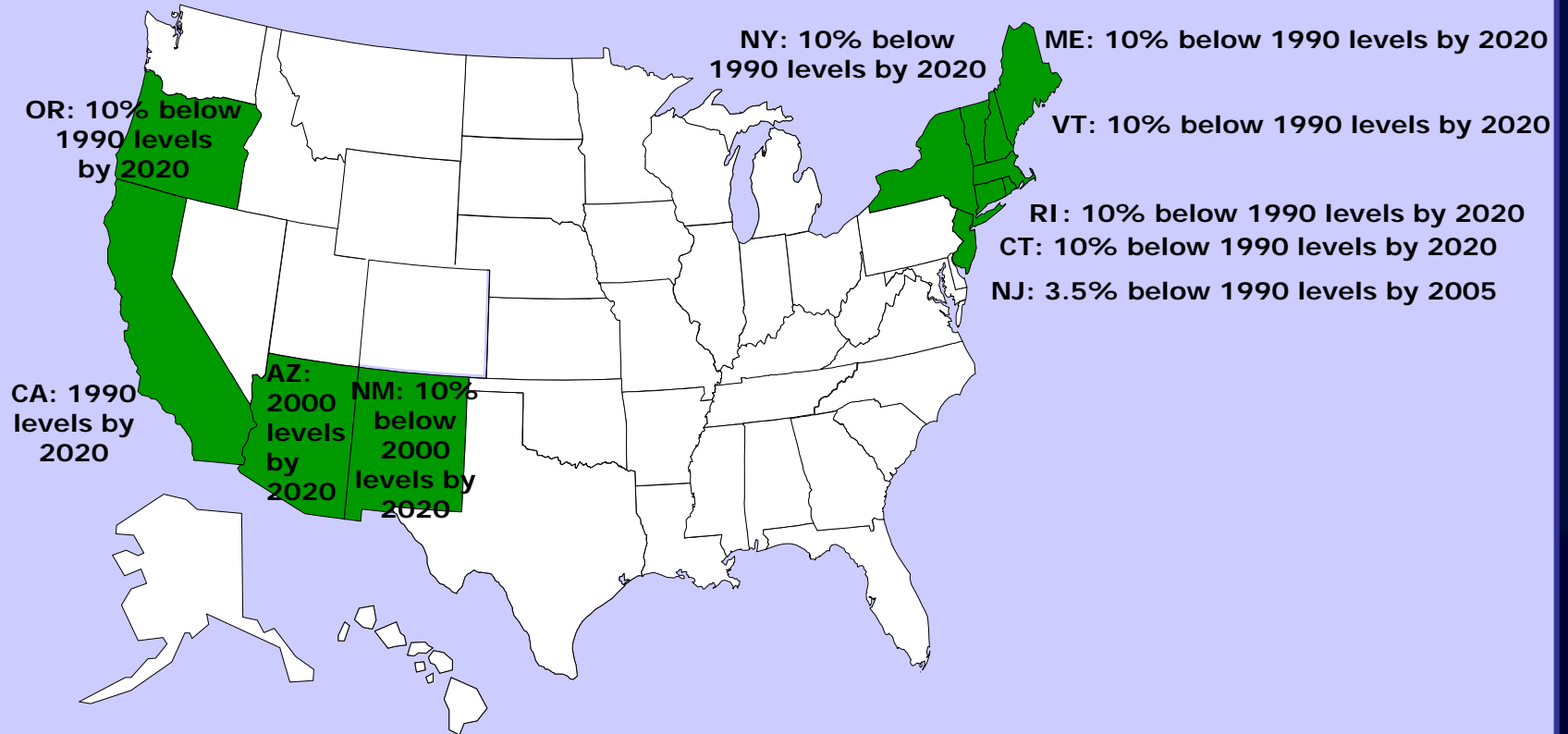
 NEG_ECP

 Southwest Climate Change Initiative

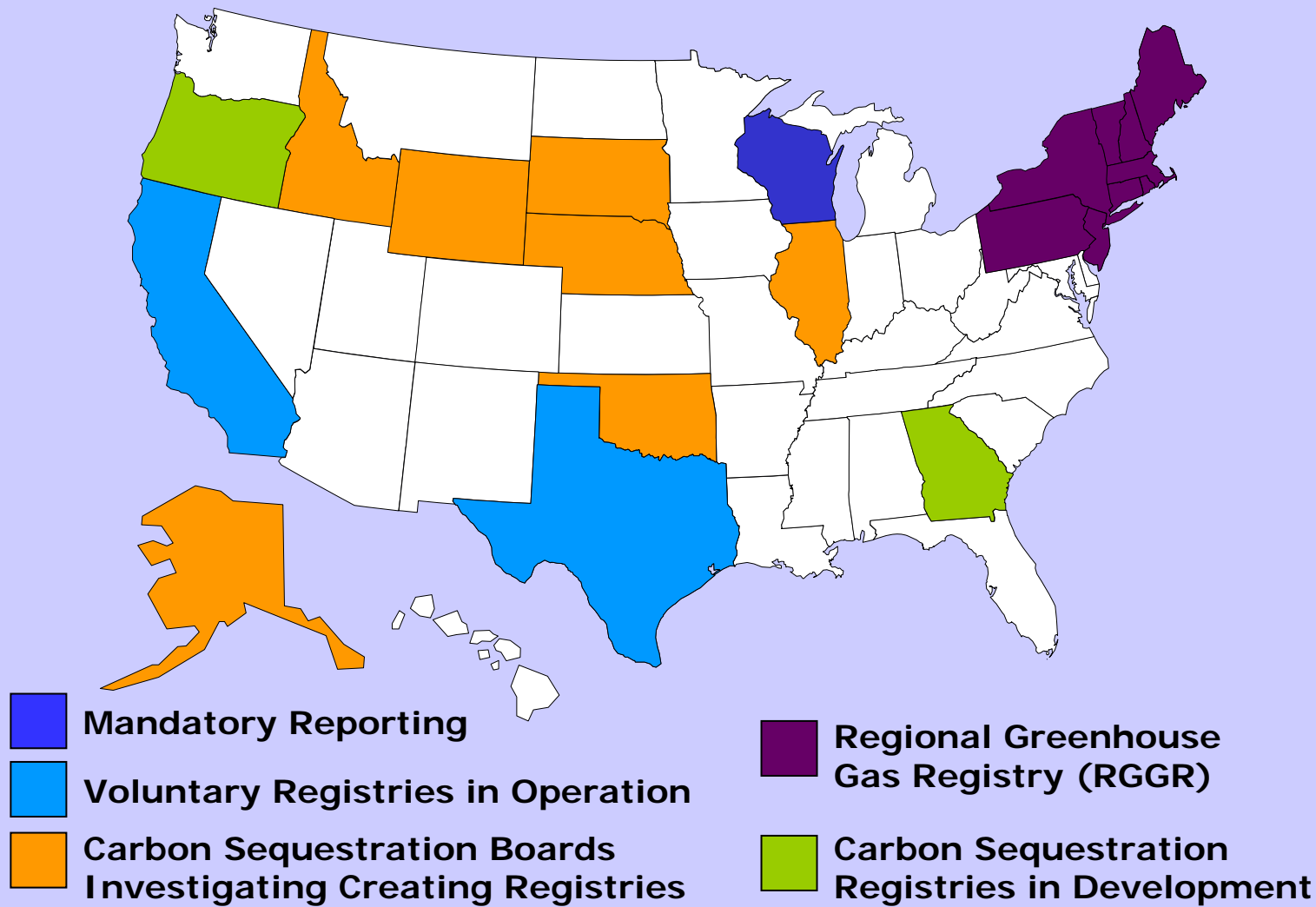
 WGA

 RGGI

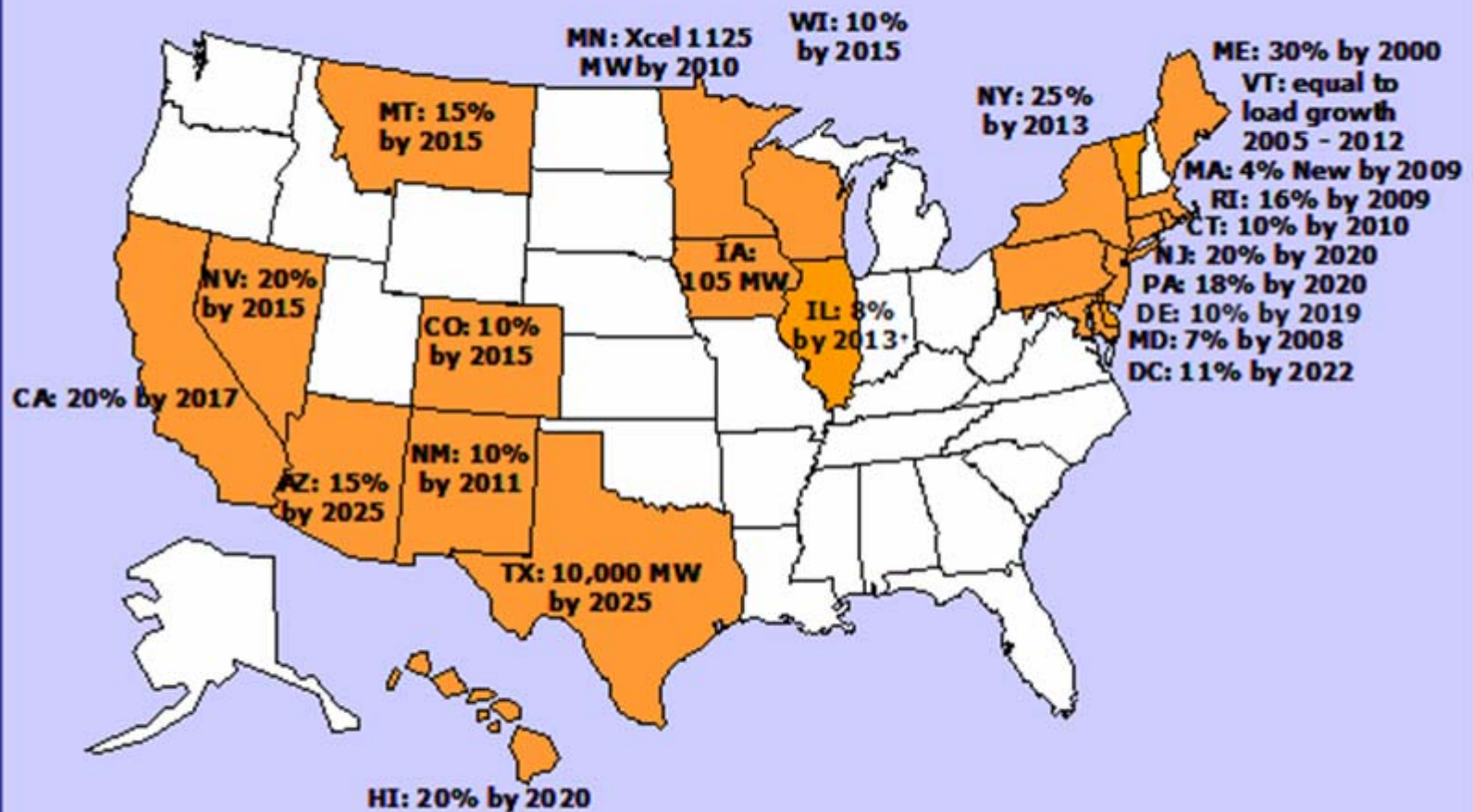
State GHG Emission Targets



GHG Reporting & Registries

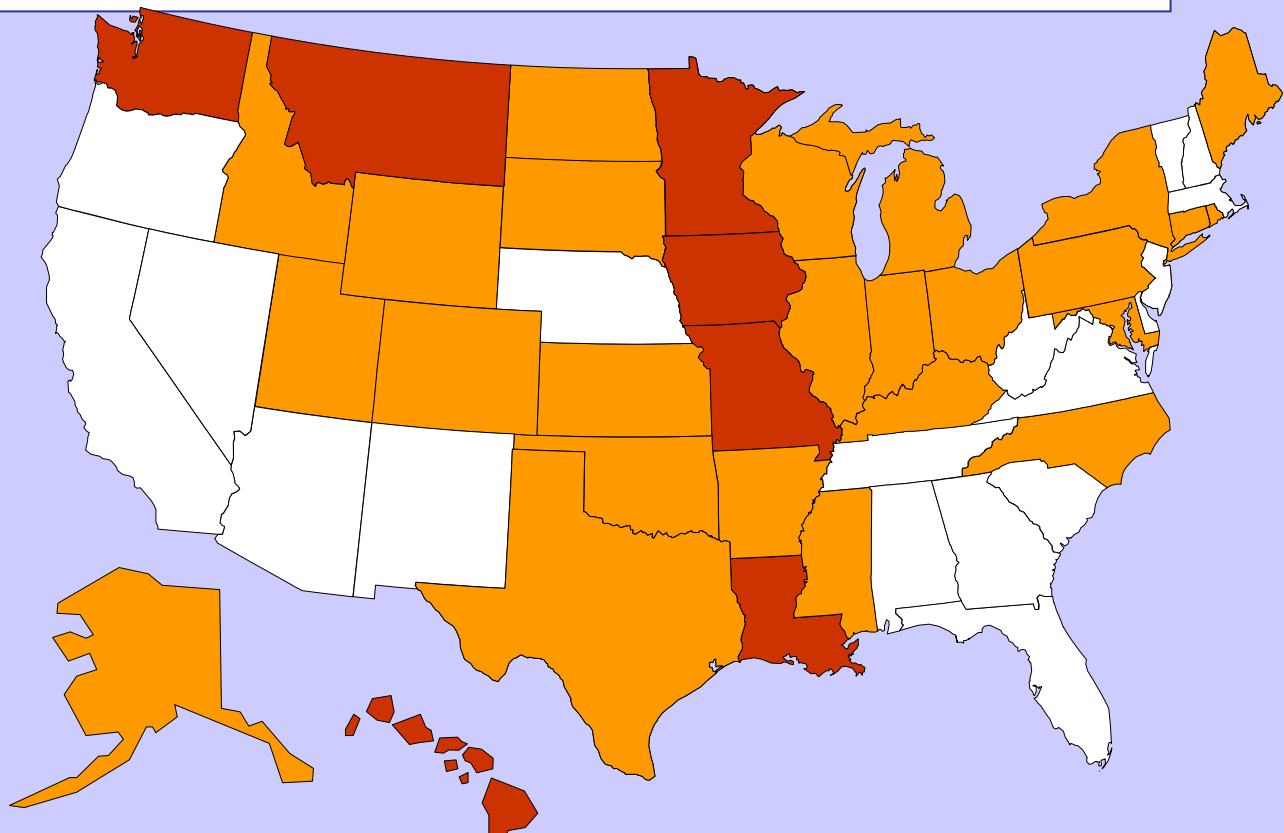




Renewable Portfolio Standards



*IL implements its RPS through voluntary utility commitments

Mandates and Incentives Promoting Ethanol



-  Renewable Fuels Standards with Ethanol Mandates
-  Excise Tax Exemptions, Tax Credits, and/or Grants Promoting Ethanol Production and Use

+ **Corporate Views on State Policy**

- + • Growing concern about a costly “patchwork quilt” of climate regulation
- + • See major regional initiatives (West Coast, RGGI, etc.) setting regs, testing new approaches

+ **State level action pressures Washington**

+ **Financial Sector Pressure for Change**

- + • Disclosure
- + • Shareholder Efforts
- + • Private Equity Investment
- + • Socially Responsible Investment
- + • Active Pension Funds
- + • Wall Street firms' policies



Signals that capital markets take climate risk and opportunity seriously

+ **Business rationale for climate policy is growing**

- + • Preference for uniform federal approach instead of state-by-state
- + • Strong messages from capital markets and stakeholders
- + • Uncertainty clouding capital investment, M&A, and new business platform decisions
- + • Greater clarity on business opportunities under carbon constraints
- + • Public leadership by major CEOs paves the way

+ CEO Leadership

- Peter Darbee – PG&E Corporation

- “We are convinced that climate change is an urgent problem and action is needed now.”

- Lee Scott – Wal-Mart

- “We believe every company has a responsibility to reduce greenhouse gases as quickly as it can.”

- Chad Holliday – DuPont

- “We believe that the science is sufficiently compelling to take prudent actions . . . The most efficient way to accomplish GHG emissions reductions is through market-based systems”

- Jeff Immelt – GE

- “We believe that the government can provide leadership by clarifying policy, by committing to market mechanisms [and] by promoting diverse energy sources.”

The Federal Policy Picture

Congress has entered the design phase for regulation and larger federal programs

- **Key recent bills**

- Waxman's "Safe Climate Act"
- Jeffords' "Global Warming Pollution Reduction Act"
- Kerry and Snowe's "Global Warming Reduction Act"

- **Coming next year**

- Feinstein
- Bingaman
- McCain-Lieberman
- Carper

Pew expects comprehensive Federal legislation with GHG limits to be passed in 3 to 5 years.

Regulations Will Transform Markets . . .

- **Cleaner energy and power supply, including Carbon Capture and Sequestration (CCS)**
- **Energy Efficiency**
- **Low-GHG vehicles and fuels**
- **Emissions trading, risk management, other climate-related financial products/services**
- **Opportunity throughout the supply chain**
- **And others...**

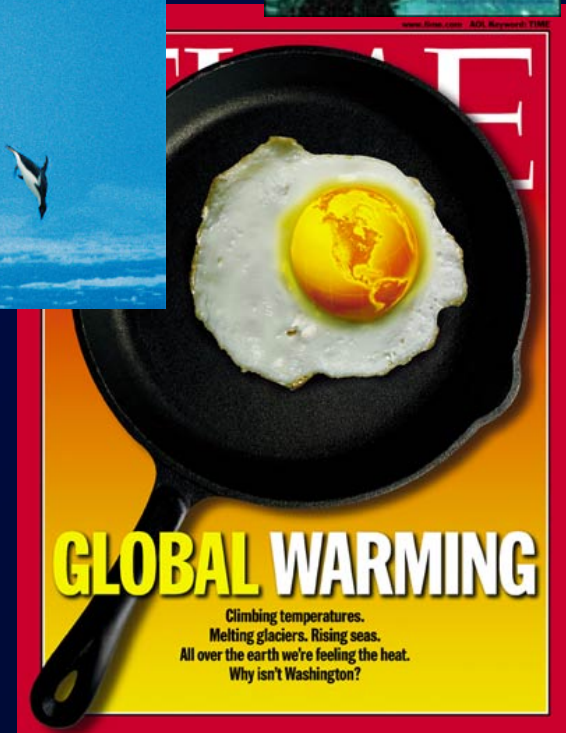
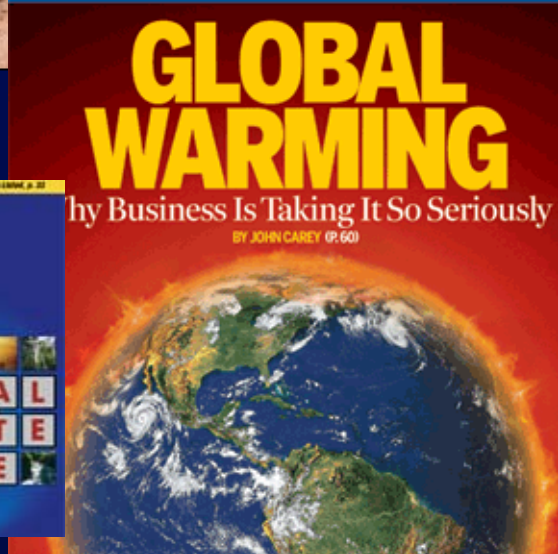
... As Will Growing Risk ...

- Systematic risk
- Company-specific risk
- Regulatory risk



Regulatory policy will likely have the greatest near-term impact

... And Growing Awareness



Increased Emphasis on Corporate Strategies that Integrate Climate

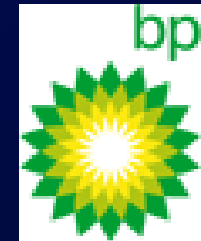
- + • Gauging climate risks and opportunities
- + • Evaluating technological options for solutions
- + • Setting climate related goals and targets (including for new business)
- + • Developing financial mechanisms to support climate programs
- + • Developing effective external outreach strategies

Corporate Strategies that Address Climate

- Reducing GHG emissions



- Energy efficiency and GHG reduction from operations
- Broader energy “footprint” of products/services



- Capturing competitive advantage and business opportunity

- Industry cost leadership
- Demand for existing products/services
- New products/services



- Constructive external engagement

- Collaboration with sector and supply chain
- Disclosure, public awareness, and stakeholder collaboration
- Proactive involvement in policy



+ **For More Information**

+ **www.pewclimate.org**

