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

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**Pew Center on Global Climate Change**

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**Corporate Strategies Workshop**

# **Pew Center on Global Climate Change**

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- **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



CH2MHILL



DTE Energy



Georgia-Pacific



invent



Holcim

MARSH



INTERFACE



A FAMILY COMPANY



LOCKHEED MARTIN



RIO TINTO



Weyerhaeuser



TOYOTA



United Technologies



Wisconsin Energy Corporation

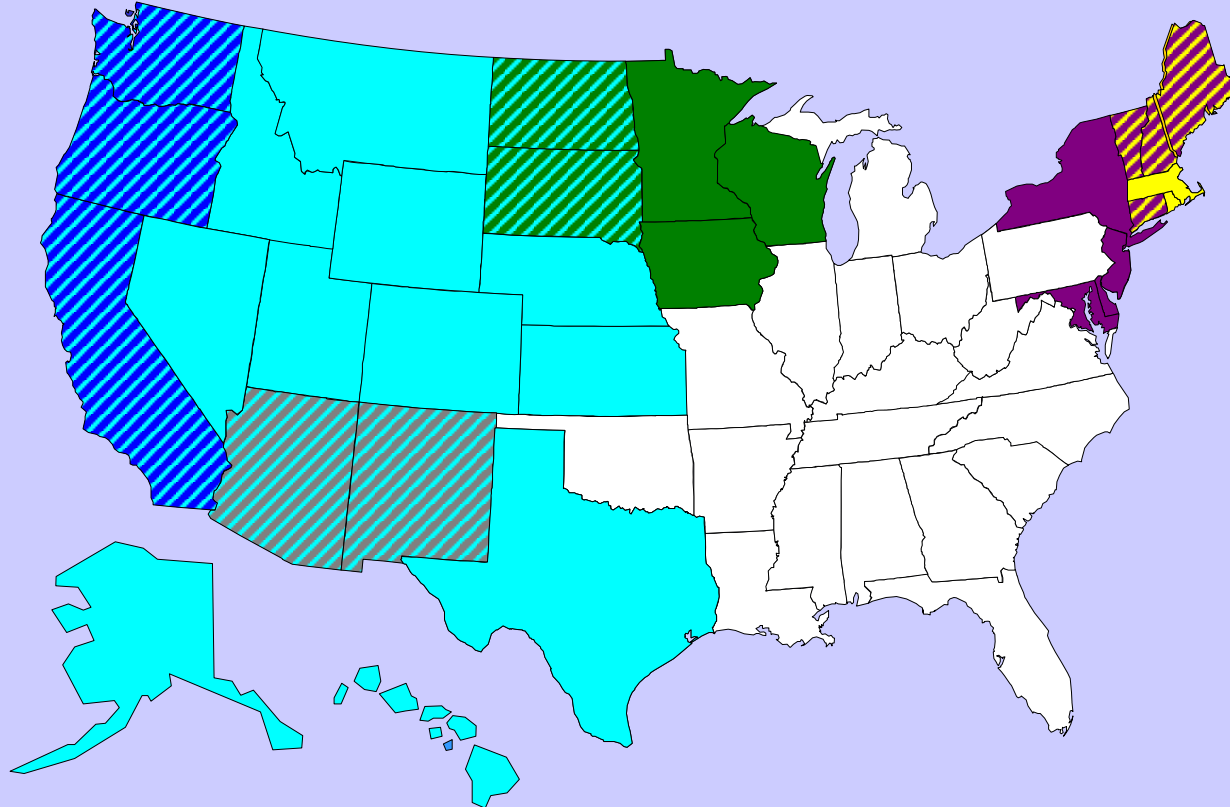
# + **Growing State & Regional Action**

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+ **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

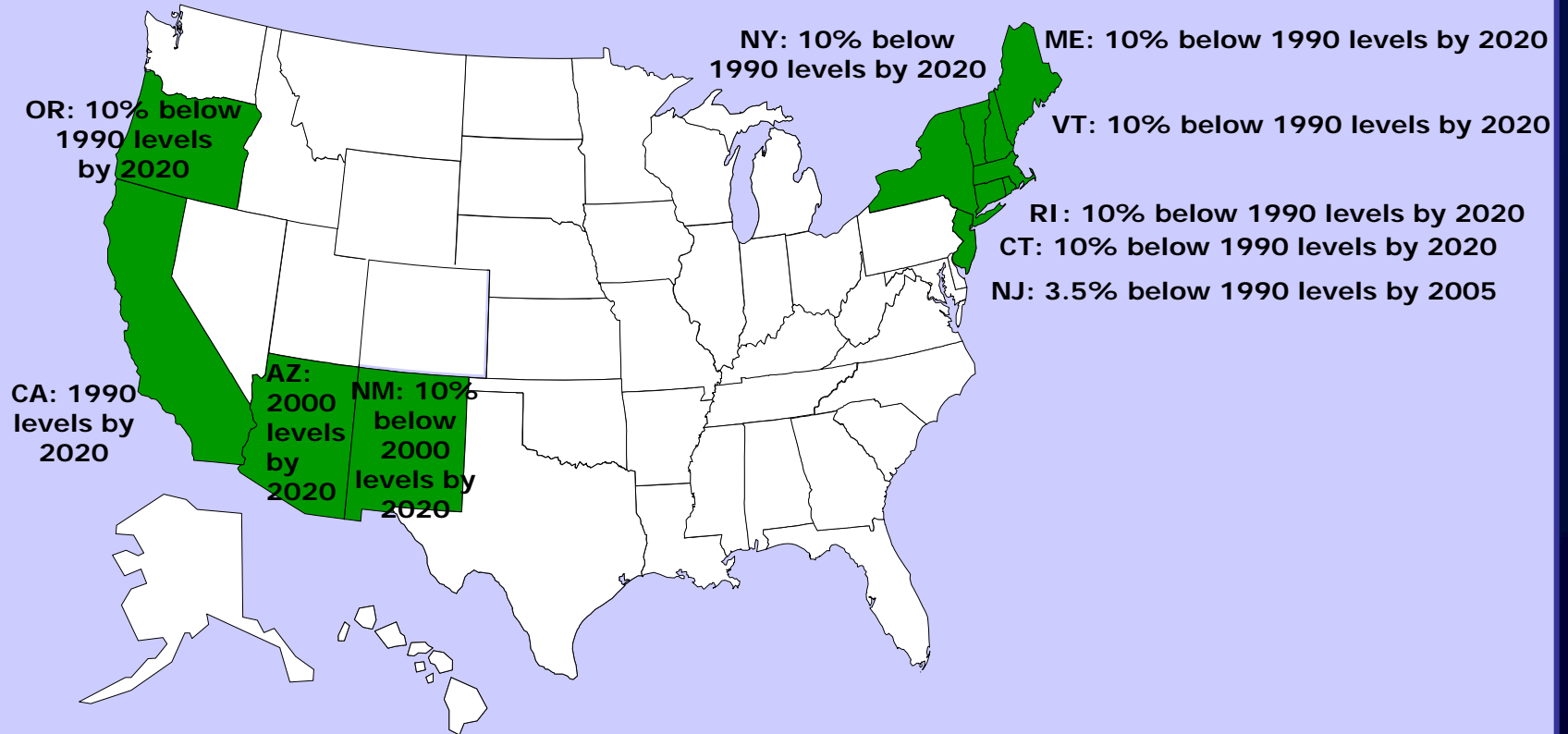
 NEG\_ECP

 Southwest Climate Change Initiative

 WGA

 RGGI

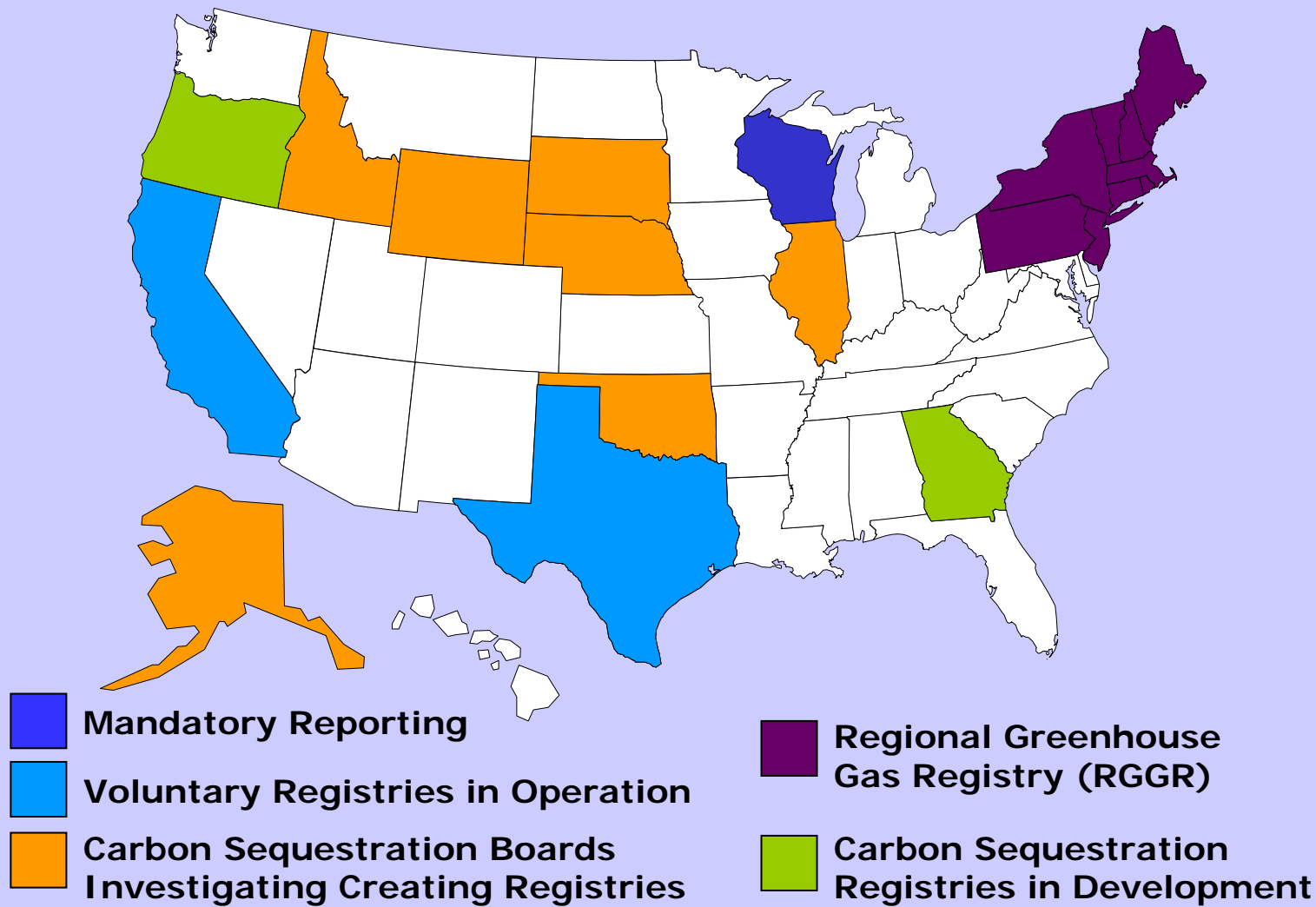
# State GHG Emission Targets



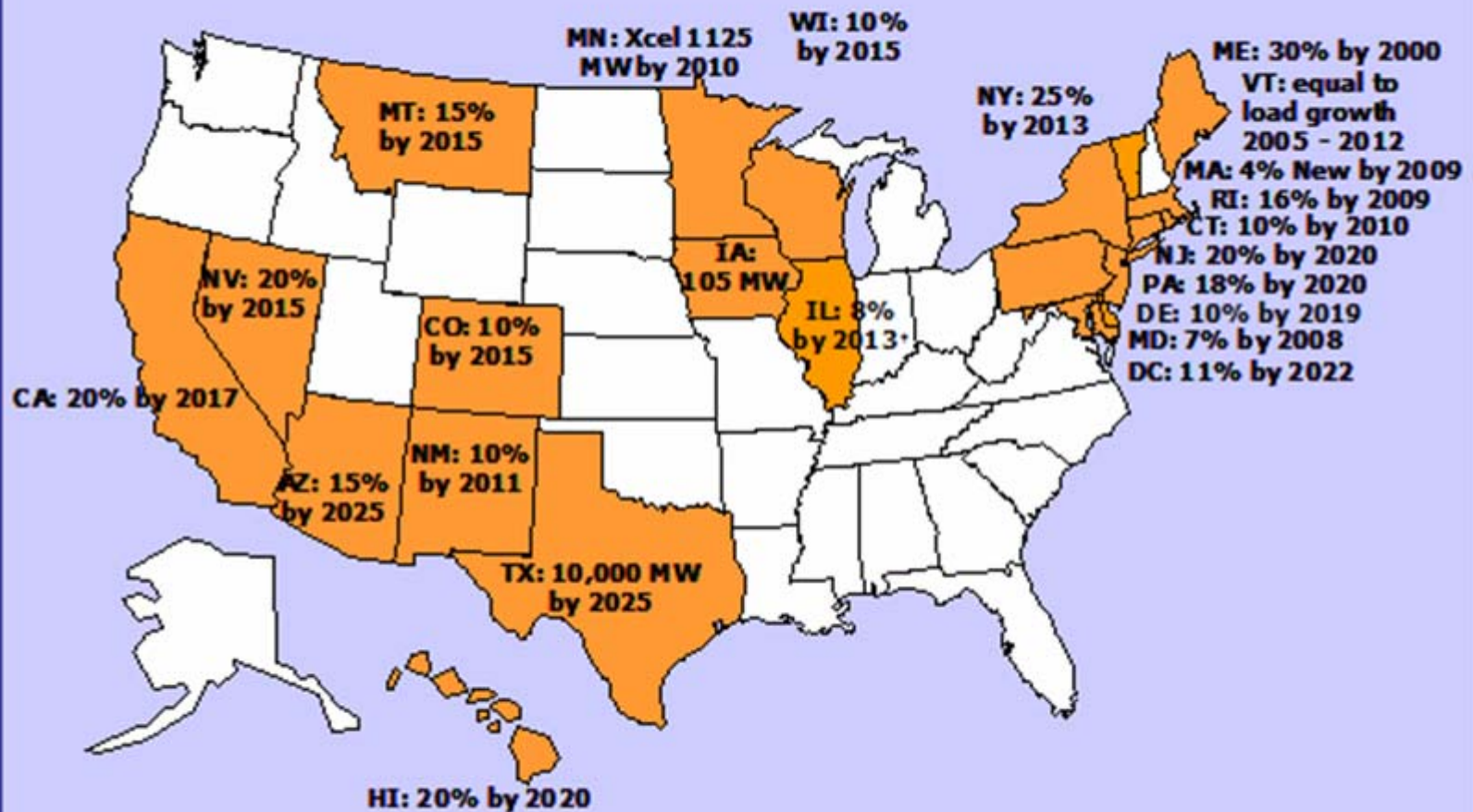




# GHG Reporting & Registries



# Renewable Portfolio Standards



\*IL implements its RPS through voluntary utility commitments



# + **Corporate Views on State Policy**

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- + • 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**

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- + • 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**

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- + • 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

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- 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**

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**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 ...**

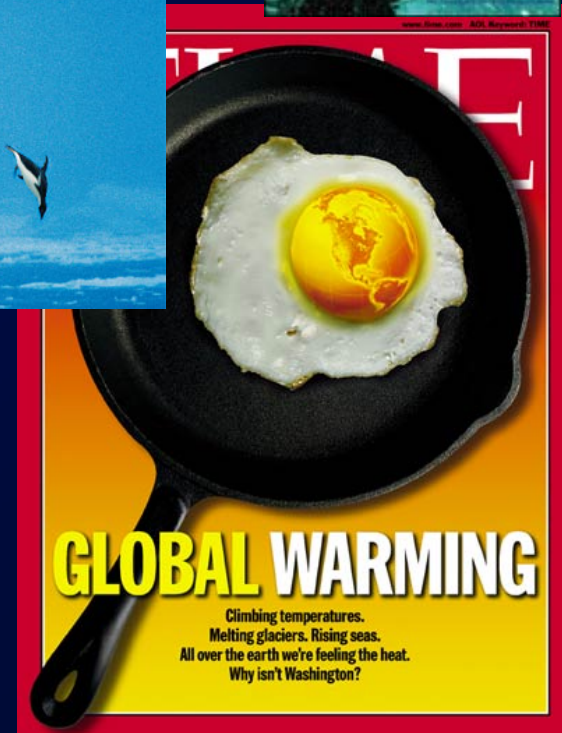
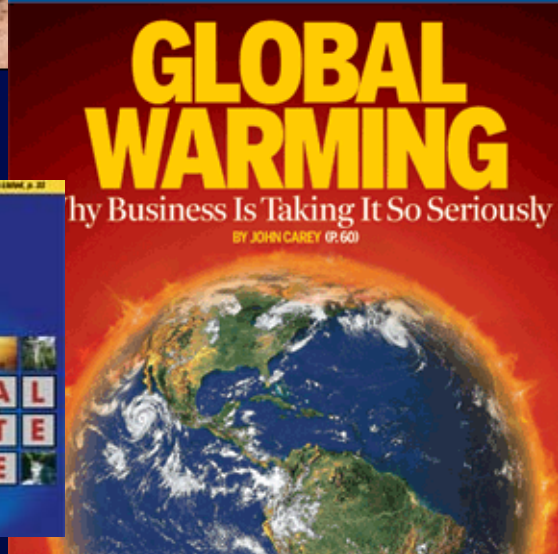
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- **Systematic risk**
- **Company-specific risk**
- **Regulatory risk**



***Regulatory policy will likely have the  
greatest near-term impact***

# ... And Growing Awareness



# **Increased Emphasis on Corporate Strategies that Integrate Climate**

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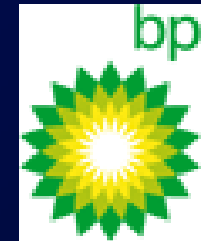
- Gauging climate risks and opportunities
- Evaluating technological options for solutions
- Setting climate related goals and targets (including for new business)
- Developing financial mechanisms to support climate programs
- Developing effective external outreach strategies

# 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**

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+ **[www.pewclimate.org](http://www.pewclimate.org)**

