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

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Corporate Strategies that Address Climate Change

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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.

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

ABB

AIR PRODUCTS

ALCAN

ALCOA

AEP
AMERICAN ELECTRIC POWER

Baxter

BOEING

bp

3M



CH2MHILL

Cummins

Deutsche Telekom

Duke Energy



DTE Energy

DUPONT

Entergy

Exelon



Georgia-Pacific



hp

invent



Holcim

MARSH

IBM

intel



INTERFACE

Johnson
A FAMILY COMPANY

John Hancock

LOCKHEED MARTIN



NOVARTIS

ONTARIO POWER GENERATION

PG&E

RIO TINTO

SUNOCO

TransAlta



Weyerhaeuser

Whirlpool
CORPORATION

ROHM HAAS



TOYOTA



United Technologies



Wisconsin Energy Corporation

Report Background

- **Business analysis and engagement is fundamental**
 - Logical extension of previous Pew reports on inventories, verification, and targets
 - Corporate strategy a powerful pathway to policy engagement
- **What is a good corporate strategy?**
 - How does a company develop one?
 - How can others judge whether a strategy is any good?
- **Highlight best practice from progressive corporate leaders**
 - 6 in-depth case studies; surveyed 31 companies
 - Input on other BELC and non-BELC experiences

Financial Sector Pressure for Change

- Disclosure
- Shareholder Efforts
- Socially Responsible Investment
- Mainstream Institutional Funds
- Private Equity Investment
- Wall Street attention



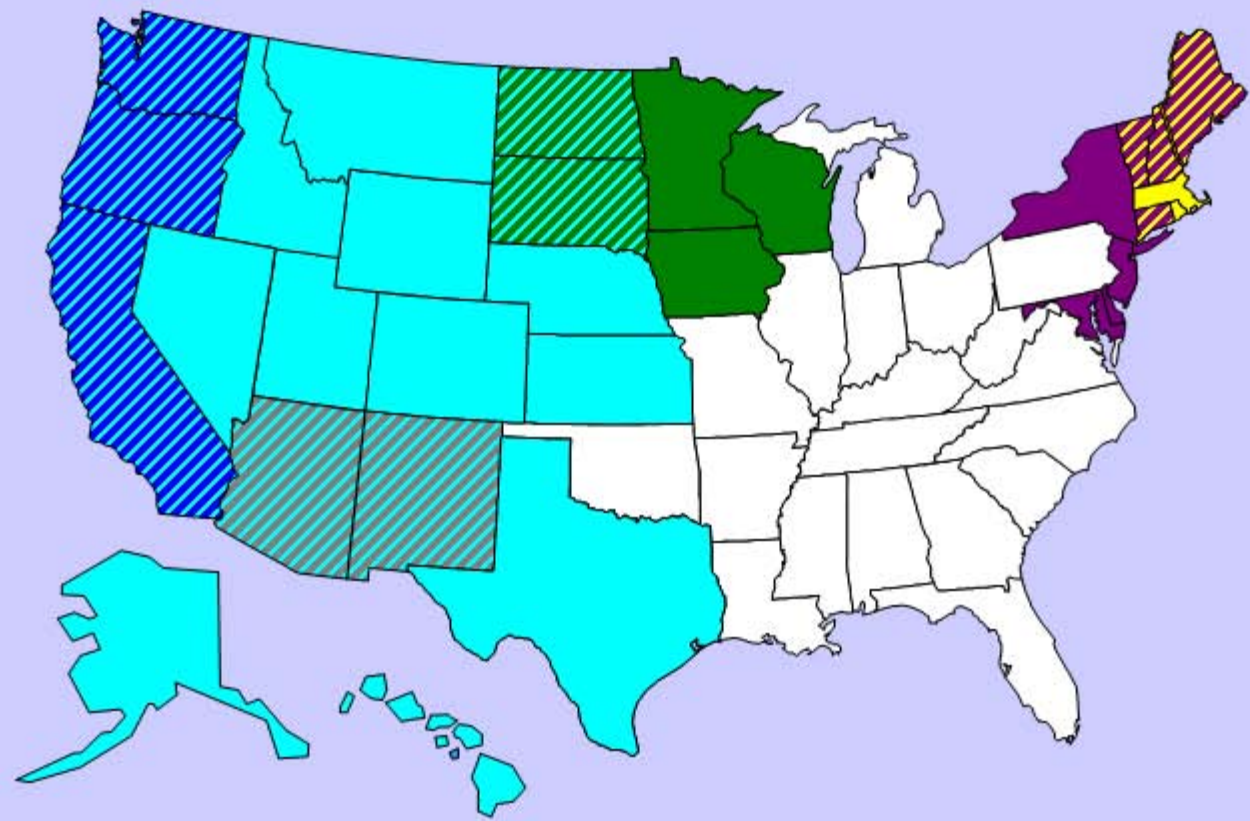
Signals that capital markets take climate risk and opportunity seriously

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

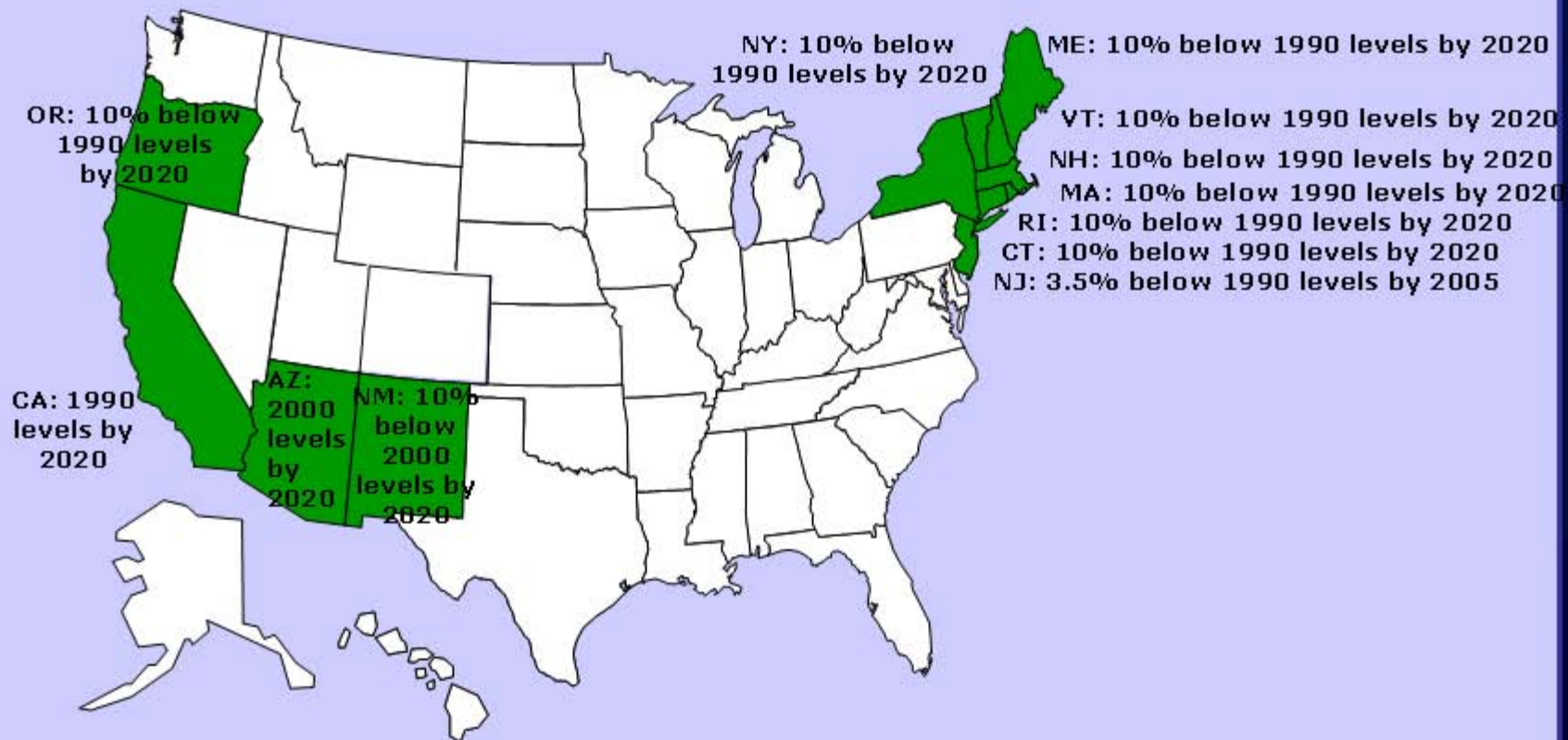
NEG-ECP

Southwest Climate Change Initiative

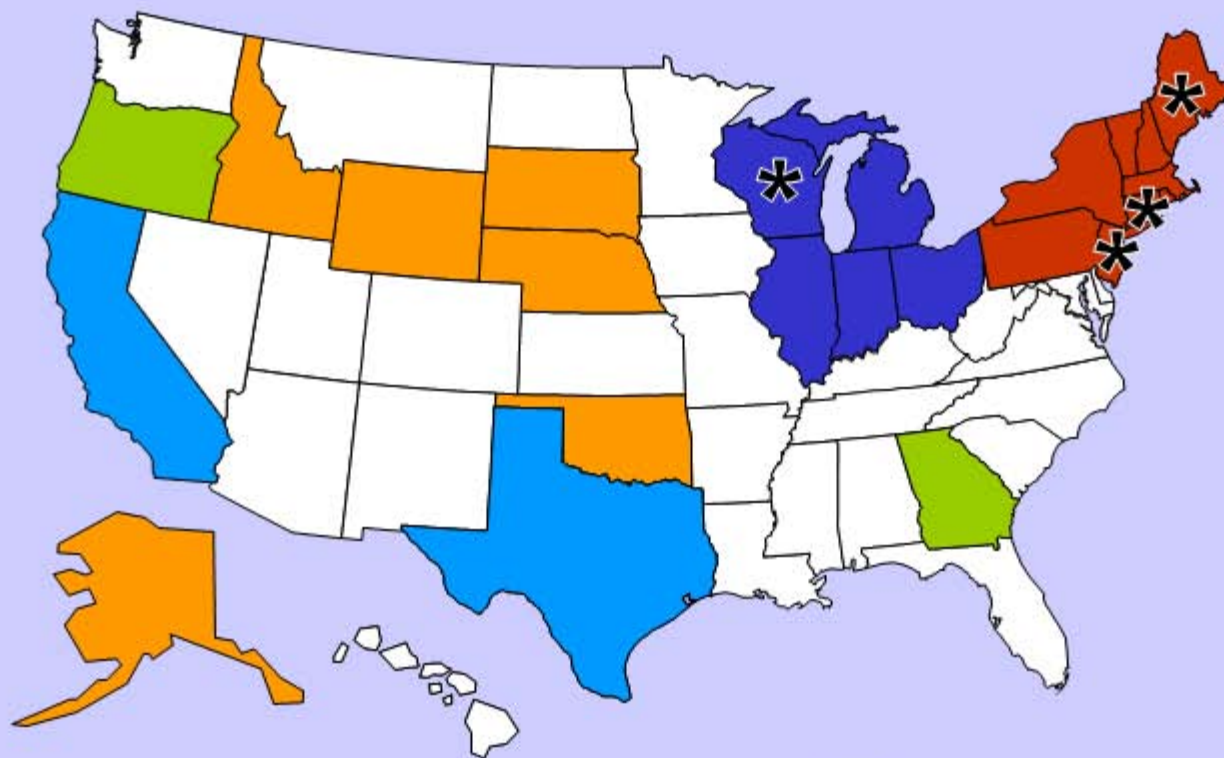
WGA

RGGI

State GHG Emission Targets



GHG Reporting & Registries

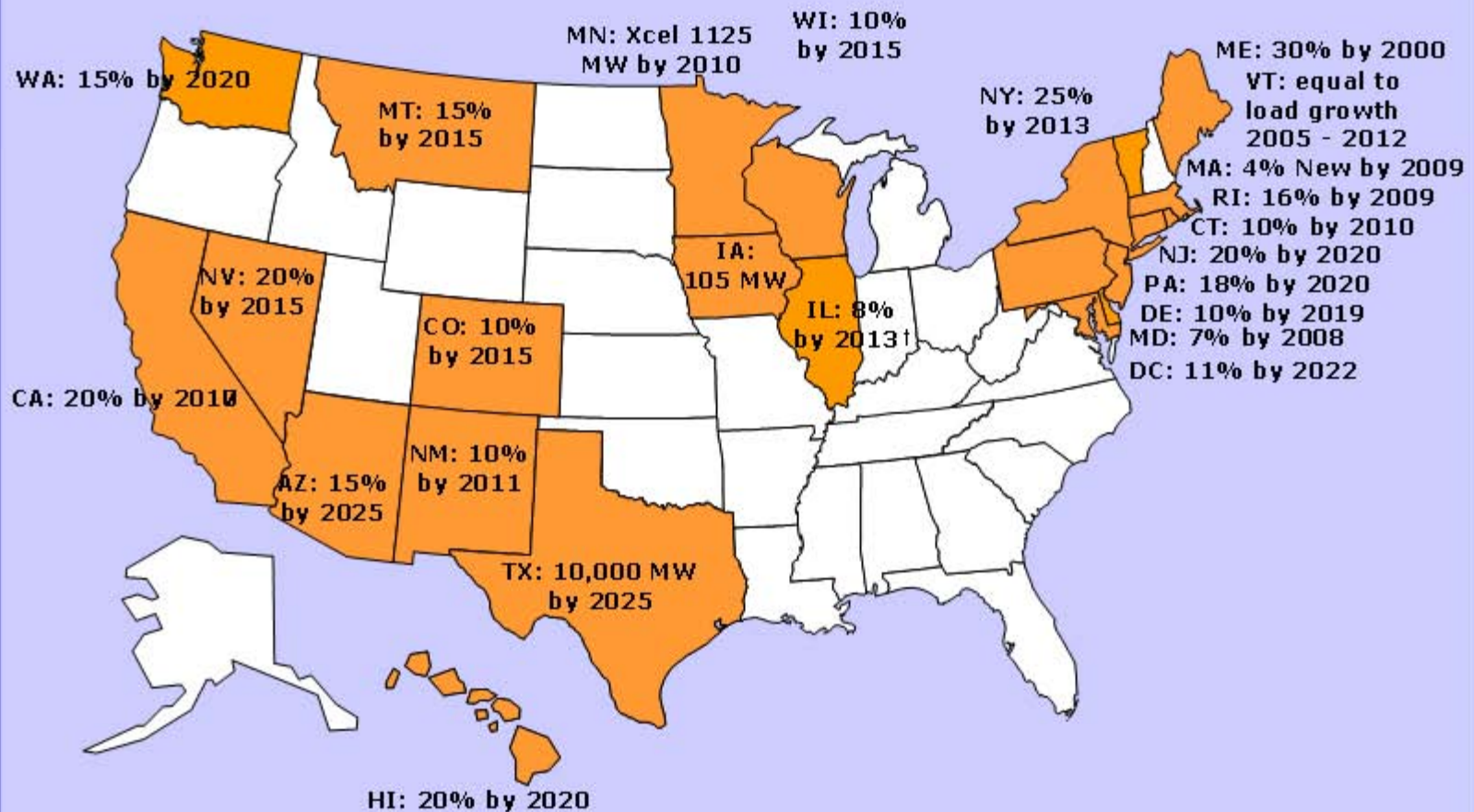


Light Blue Voluntary Registries
Asterisk (*) Mandatory Reporting

Red Eastern Climate Registry
Dark Blue Lake Michigan Air Directors

Green Registries in Development
Orange Sequestration Board Studying Registries

Renewable Portfolio Standards



†IL implements its RPS through voluntary utility commitments

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

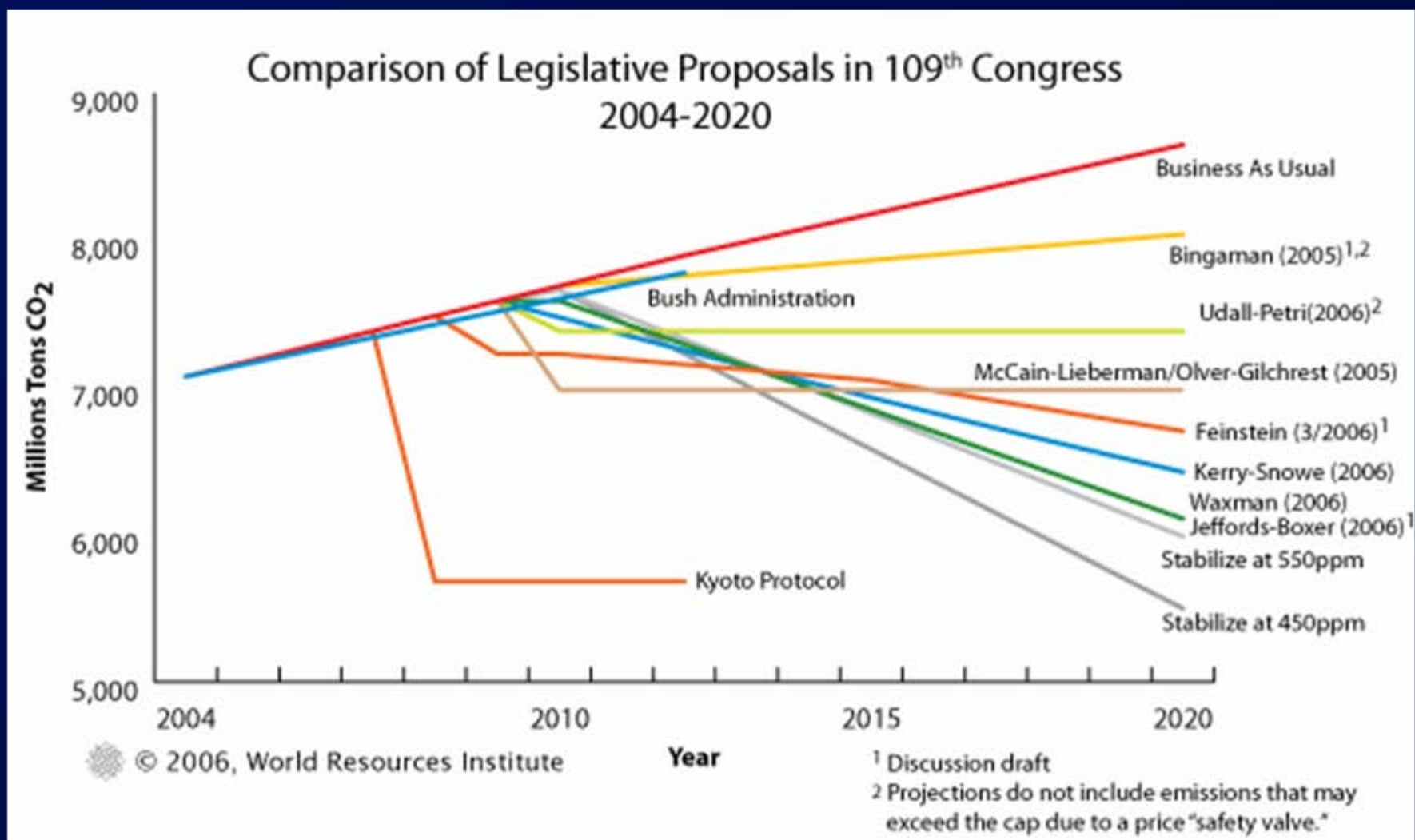
The Federal Policy Picture

- 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



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

Climate Legislation in the 109th



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...**

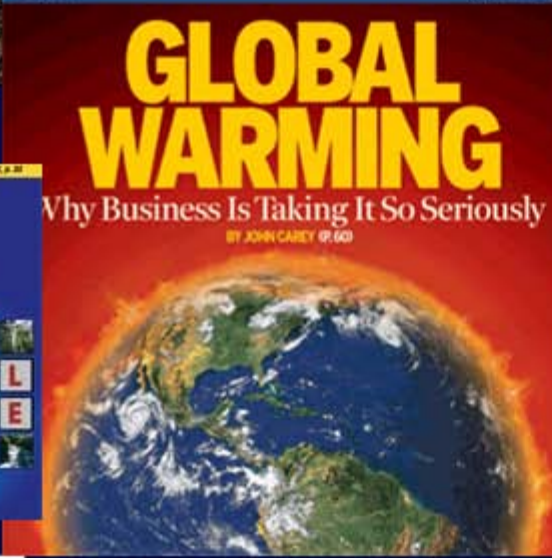
... As Will Growing Risk ...

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



Regulatory policy will likely have the greatest near-term impact

... And Growing Awareness



+ 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.”

Growing Rationale for Engagement on Policy

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

+ **For More Information**

+ **www.pewclimate.org**

