



The business response to climate change

International best practices

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*Profiting from low carbon business , financial opportunities and reduced risks for low carbon firms,
corporate governance forum of Turkey, Sabanci Universitesi,*

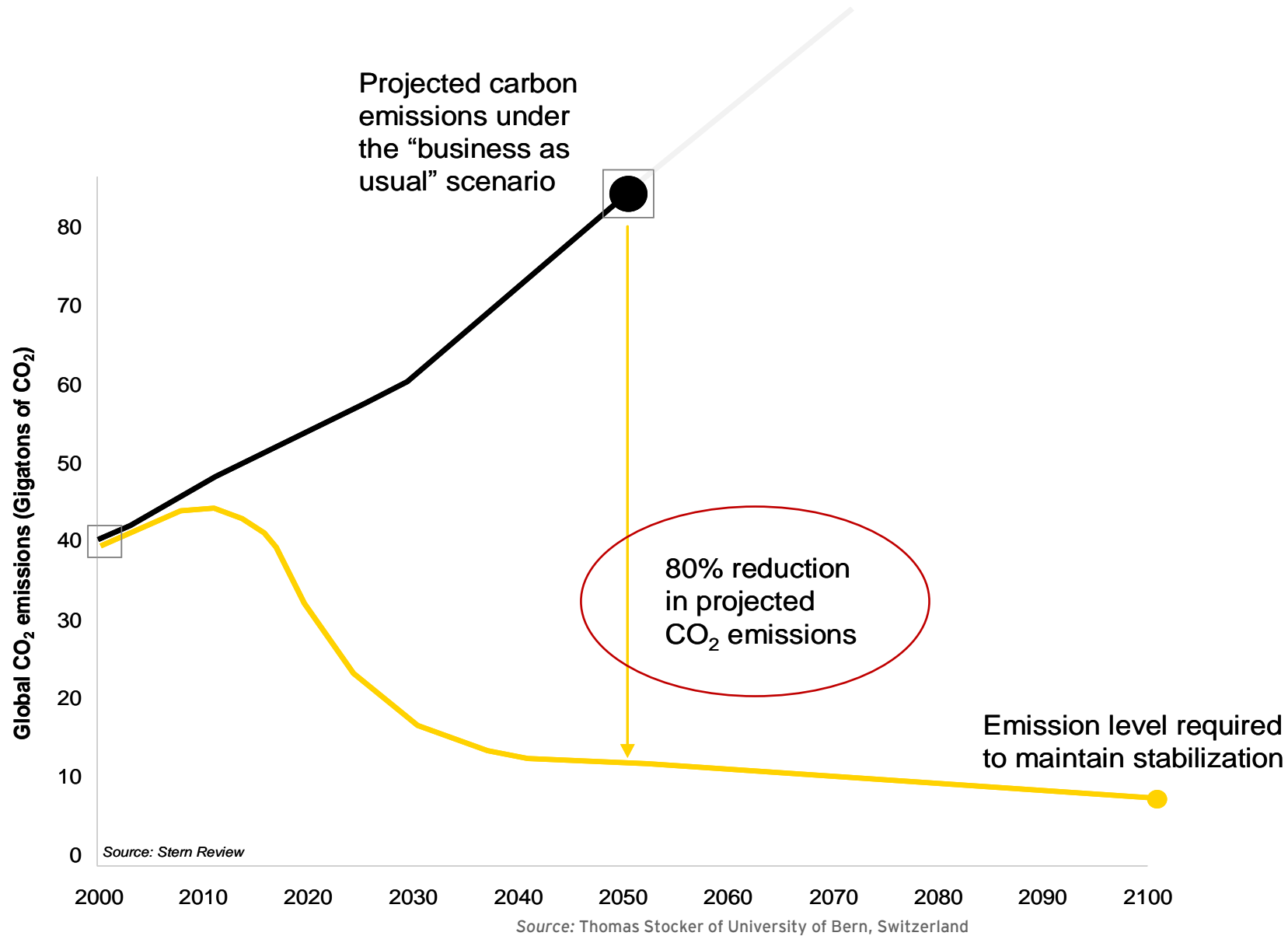
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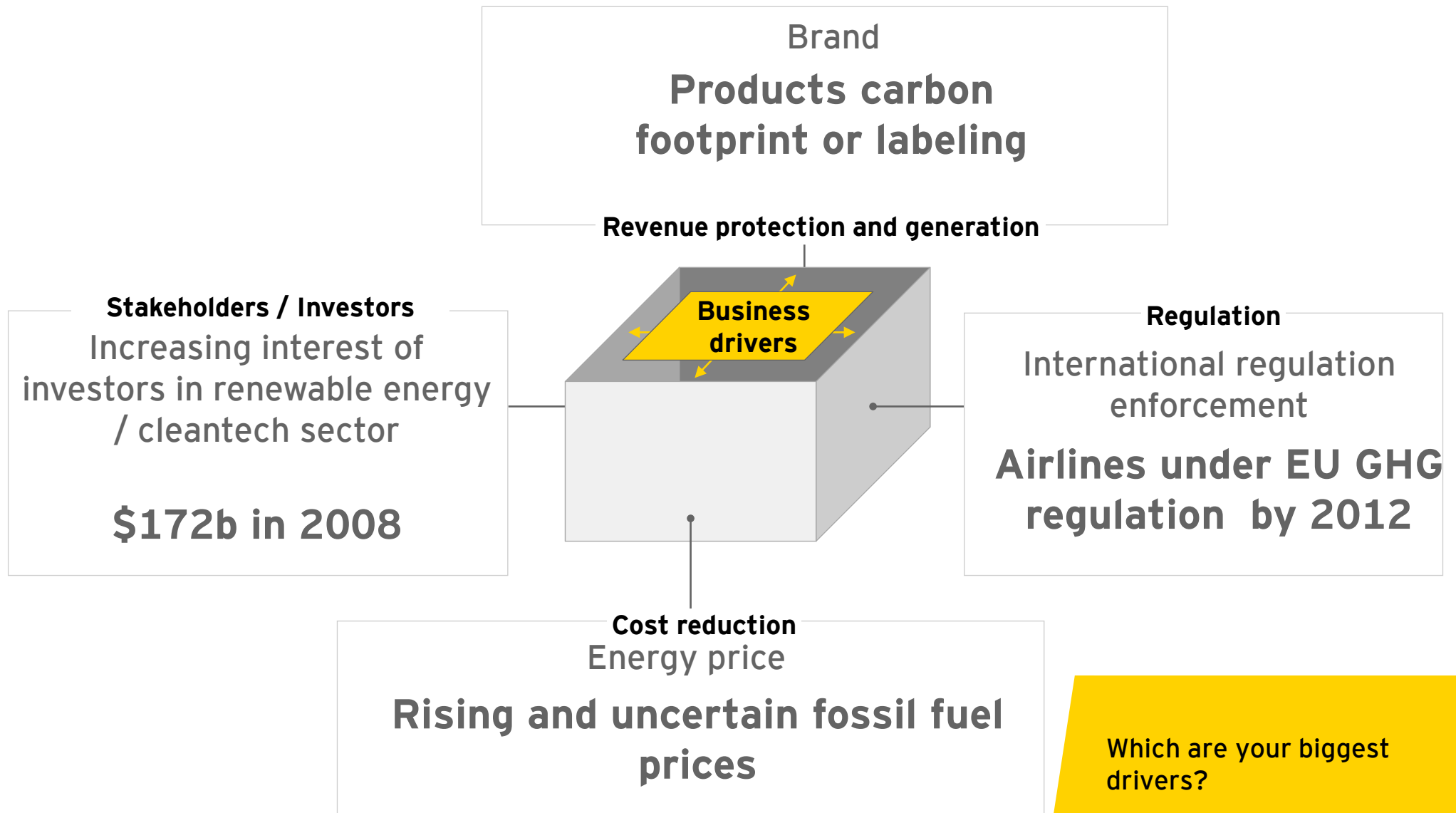
Agenda:

1. Why climate change is important ?
2. Business drivers
3. Geographic considerations
4. International leading practices
5. Why acting now in Turkey ?

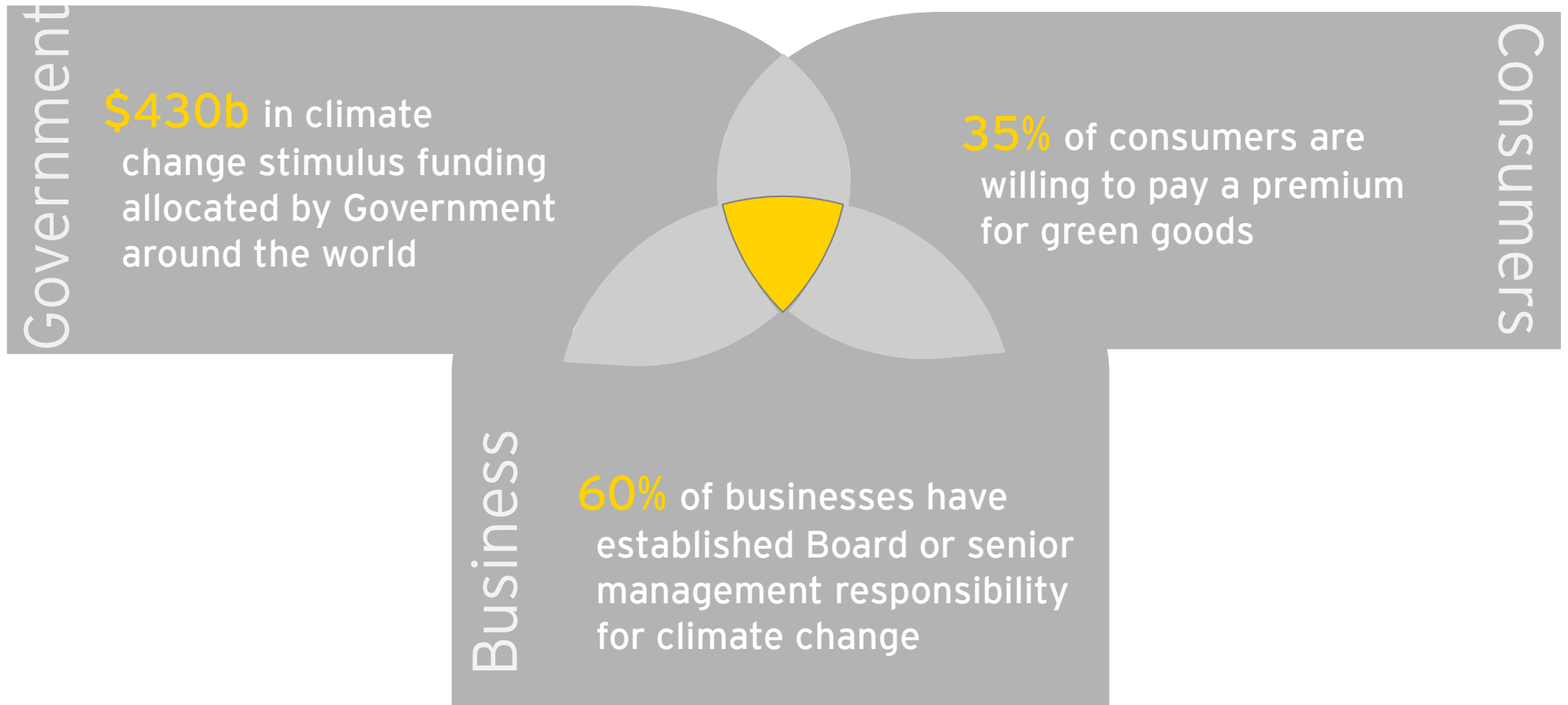
Why is climate change important ?



Business drivers : examples



Business drivers : everybody's business



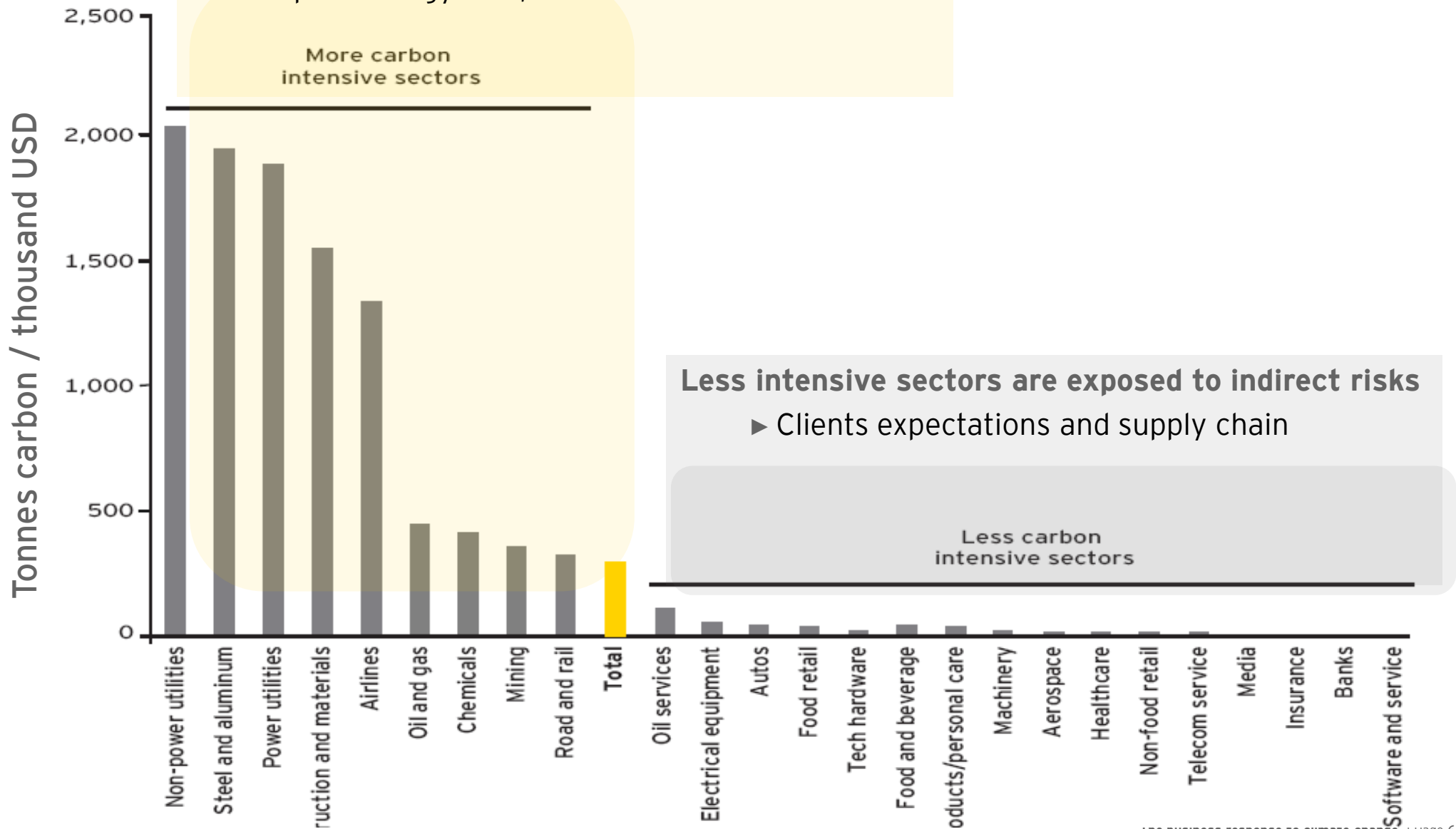
Business Drivers : what are the main benefits for companies ?

- ▶ Improved reputation and stronger brand
 - ▶ Industry leader recognition (ex : Lafarge, Holcim for cement industry)
- ▶ Improved risk management
 - ▶ E.g. : strong link between safety performance and economical performance (Construction Industry)
- ▶ Re-thinking about their low carbon business model
 - ▶ Ex : General Electric Ecomagination© strategy
- ▶ Respond to their employees and community expectations
 - ▶ Highly motivated employees are the basis of better performing companies

Business drivers : Industry considerations

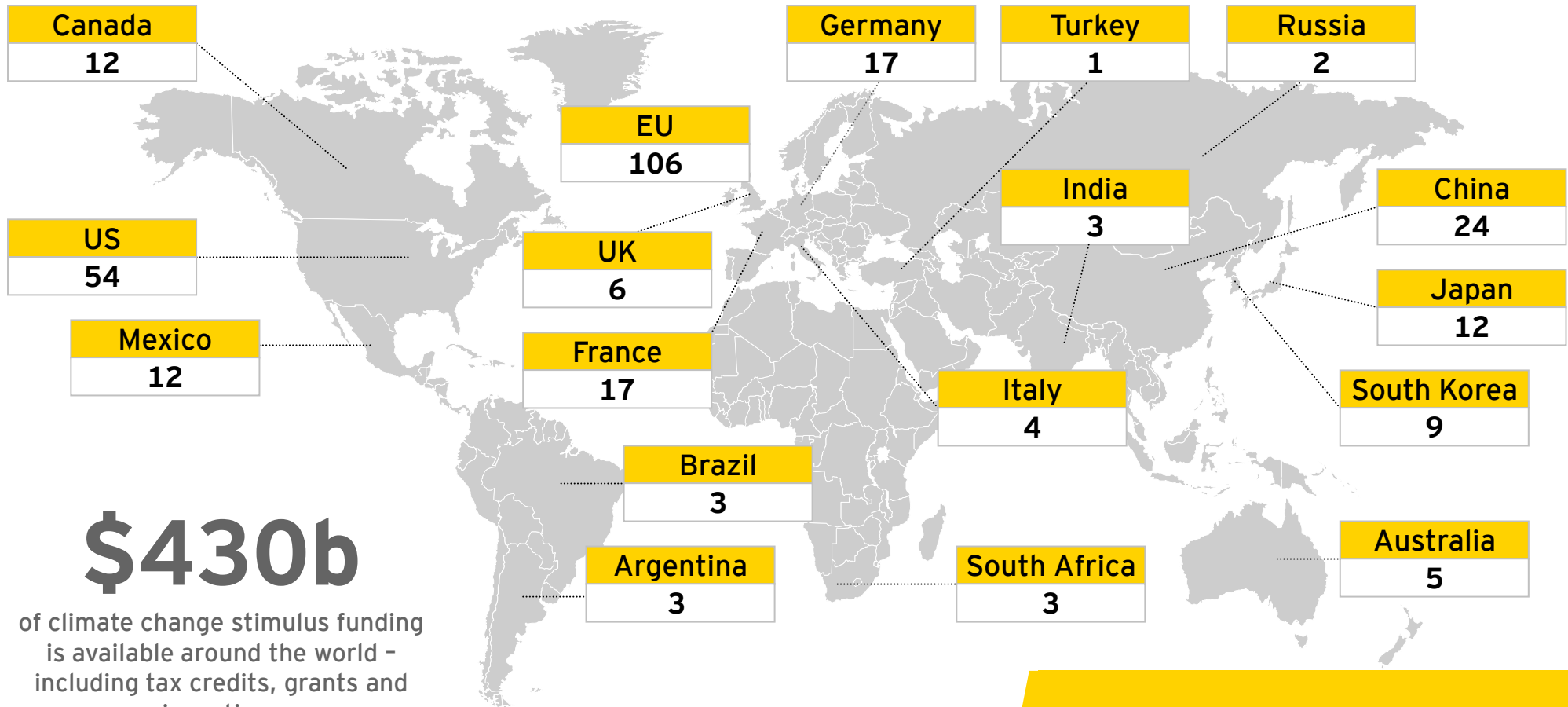
Intensive sectors are exposed to direct risks

▶ Example: energy cost, carbon tax



Geographic considerations

Local regulations, taxes and stimulus packages will impact your approach



How is your strategy impacted by the countries in which you operate?

Number of regulatory changes between July 2008 and February 2009
Sources: Deutsche Bank Climate Change Advisory, Potsdam Institute, Grantham Research Institute, HSBC Global Research, Factiva, UNEP, New Energy Finance, Ministry of Environment websites for respective countries.

Geographic considerations

Focus on European Union

Overview

- ▶ Agrees to contribute up to €15b (US\$22.5b) annually to developing nations
- ▶ Prepared to increase GHG reduction target from 20% to 30% if Copenhagen talks produce commitments from other countries
- ▶ Willing to reduce its external energy dependence that represents more than 50% of its energy needs

Regulations

- ▶ 20-20-20 Climate change legislative package. By 2020 :
 - ▶ 20% GHG emission (base 1990)
 - ▶ 20% renewable energy consumed
 - ▶ 20% reduction in energy
- ▶ Emissions Trading Scheme (ETS) upgraded beginning in 2013;
 - ▶ emission permits to be auctioned off,

Tax, grants and incentives

- ▶ Potential to introduce of EU-wide carbon tax in 2010 to cover sectors not included in the ETS

Geographic considerations

Global perspectives - from G8 to G20

- ▶ By 2050, 85% of the world's population will live in what we today call developing countries.
- ▶ The majority of GDP will shift to the developing countries to equate to 65%-75% of global GDP by 2050

▶ Source - WBCSD Executive Update September 2009

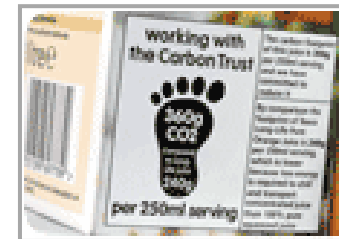
International leading practices

▶ Migros (Switzerland)

- ▶ In 2009, Migros was the first national company to apply the Topten label to a wide range of products.

▶ Tesco (UK)

- ▶ Disclosing the carbon footprint of consumer products (e.g. orange juice)



▶ Marks & Spencer (UK) :

- ▶ Five-year eco-plan called Plan A "*Because there is no Plan B*" launched in September 2007
- ▶ Objectives cover carbon neutrality, zero waste to landfills, sustainable sourcing, new standards in ethical training, helping customers and employees lead healthier lifestyles.
- ▶ Prepared to invest £200m (US\$332m) over five years. Cost positive after two years.

* Information compiled from public sources

** Source: Goldman Sachs, Change is coming: A framework for climate change - a defining issue of the 21st century, May 2009 (based upon analysis of 63 leading global Technology companies)

International leading practices (Cont'd)

▶ **Cement Sustainable Initiative (WBCSD)**

- ▶ The Cement Sustainability Initiative (CSI) is a global effort by 23 major cement producers with operations in more than 100 countries who believe there is a strong business case for the pursuit of sustainable development around key issues such as climate change, safety, alternative energy, air emissions.

▶ **TATA (India)**

- ▶ Measurement of carbon footprint and identification of abatement levels that would cover at least 80% of emissions

▶ **Dow (US):**

- ▶ Have assessed water risks (scarcity, social, cost...) of all global facilities and including suppliers

How does your response compare?

* Information compiled from public sources

** Source: Goldman Sachs, Change is coming: A framework for climate change - a defining issue of the 21st century, May 2009 (based upon analysis of 63 leading global Technology companies)

Why acting now in Turkey ?

- ▶ Markets and recognized standards become more international
- ▶ Key Turkish Markets (EU countries) are increasing their standards
- ▶ Turkey part of the G20
- ▶ Renewable investment more attractive : \$1.6 billion total investment in renewable energies in Turkey

What is your organization
climate change and
sustainability strategy ?



Thank you

Question ?