

Business and climate change: New insights, shifting priorities

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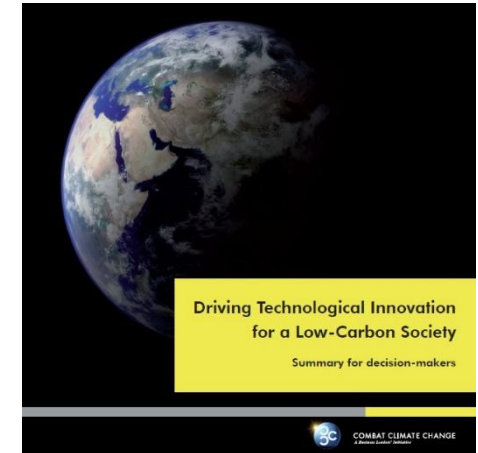


3C (Combat Climate Change) Initiative:

Launched in 2007; SEI partnership included 3 projects

1. Driving technological innovation

Looked at solar photovoltaic technology and carbon capture and storage (CCS), and the policies to support them in U.S. and Europe



2. Resource constraints to a low-carbon future

- Biomass for materials, energy
- Metals for PV, electric/hybrid car batteries
- Water for low-GHG electricity (and CCS)



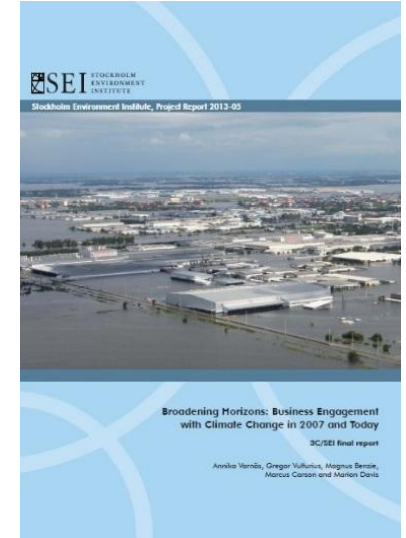
3. International trade and GHG emissions

Potential to reduce GHGs while increasing global trade, by shifting to low-GHG sites



Broadening horizons: Business attitudes

- Final 3C report, focus on changes 2007-2012
- Based on survey of 3C firms, CSR report review
- Key finding: Companies less focused on global climate deal, more on customer/investor demands, adaptation as risk management



*‘We have this contradiction: in the public debate, climate change is lacking traction because of the failure of Copenhagen, the financial situation... but in the meantime, climate change is more and more **internalized** by businesses.’*

Drivers of business engagement

#1: Cost savings

#2: Consumer demand and new business opportunities – this has also broadened engagement



Drivers of business engagement

Fastest-growing: Investor pressure

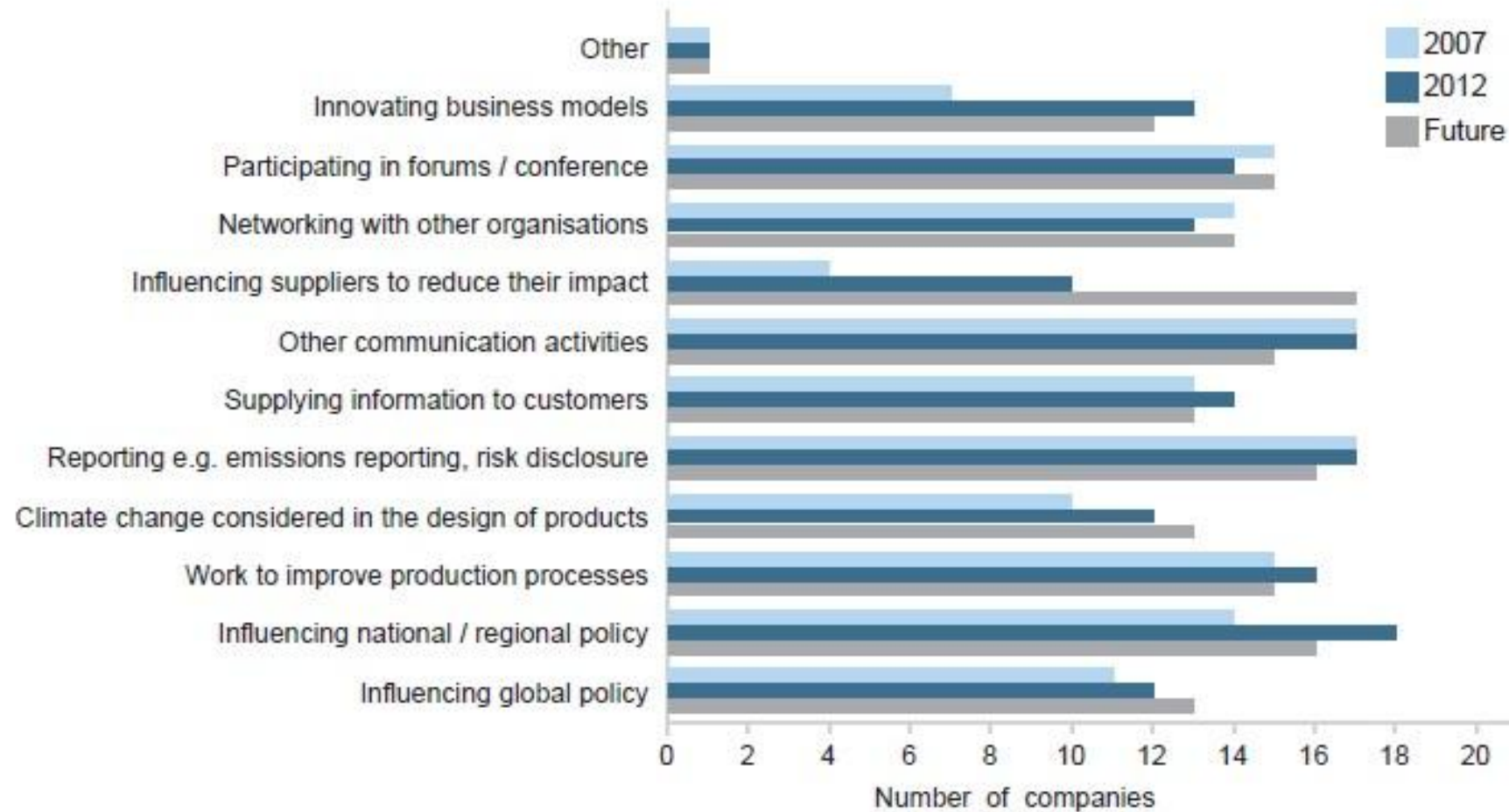
Also: prospect of global climate deal, national/regional policies, media attention, personal conviction...

On policy, uncertainty is most-cited concern:

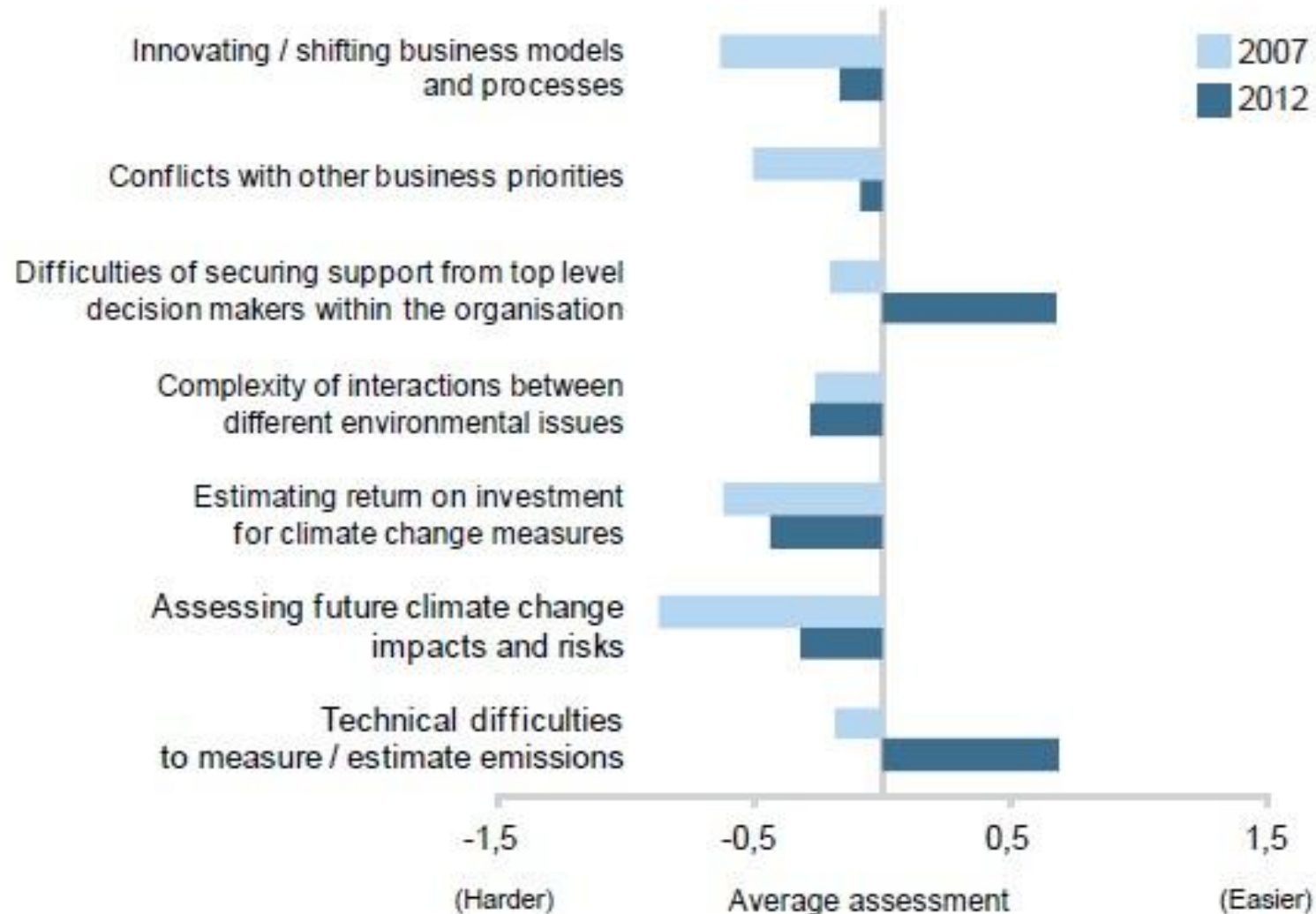
'We do not have a clear line. It's good if you know where we are heading to, even if I know that it will be of disadvantage for me.'



What are businesses doing on climate?



Challenges in business work on climate



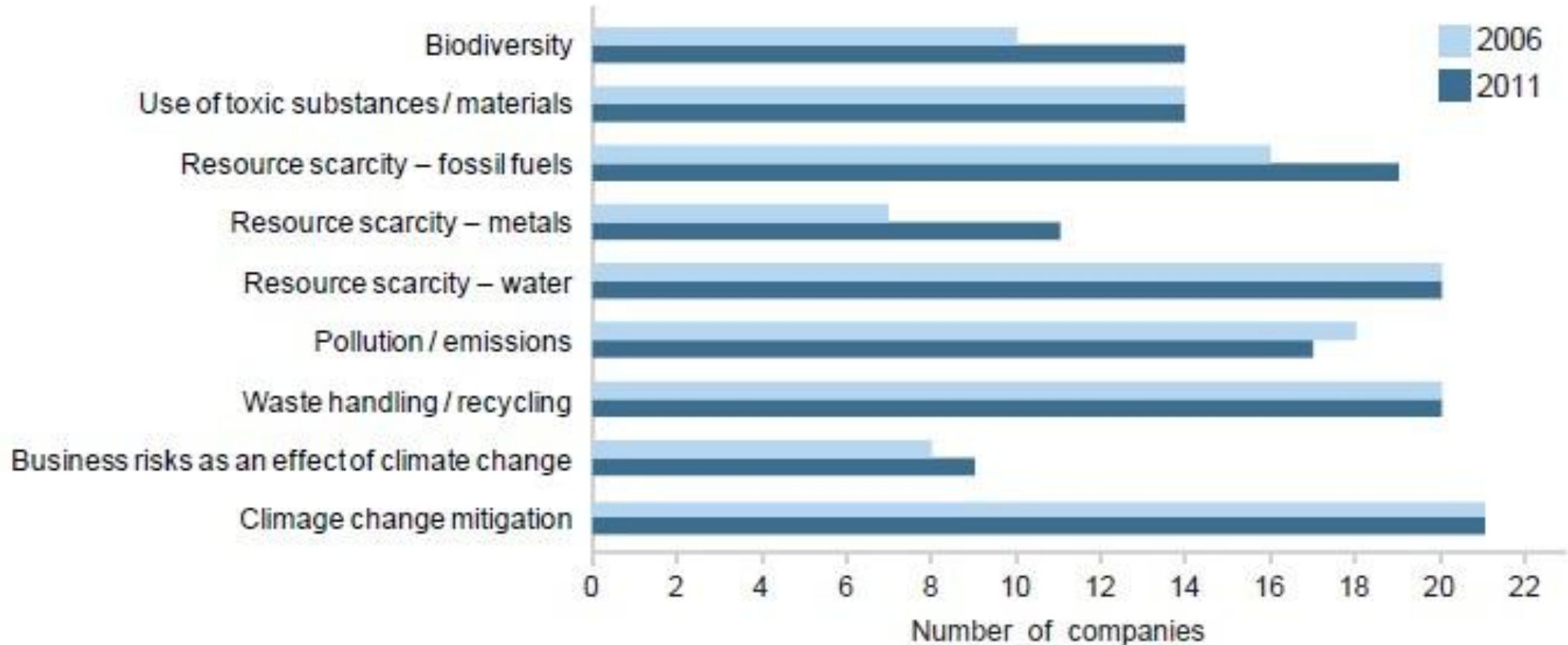
Adaptation and risk management

- CDP Global 500 survey (2012): 37% see climate as **current**, not future concern, up from 10% in 2010.
- In U.S., 2012 brought worst drought in half a century; Hurricane Sandy also ‘wake-up call’.
- 2011 Bangkok floods: 7,500+ industrial plants damaged, \$46 billion lost as of Dec. 1, 2011.

Global economy means climate impacts can be global as well



Climate as a sustainability issue



Activities mentioned in CSR reports of 2011 CDP Global Disclosure Leadership companies



Where do we go from here?

- **Sustainability** both for ethical reasons, and for resilience
- As **resource scarcity** increases, businesses will have a growing stake in resource governance
- **Uncertainty** is becoming the 'new normal', a key challenge
- **Institutionalization** of climate/sustainability strengthens business capacity to adapt, turn risks into opportunities

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