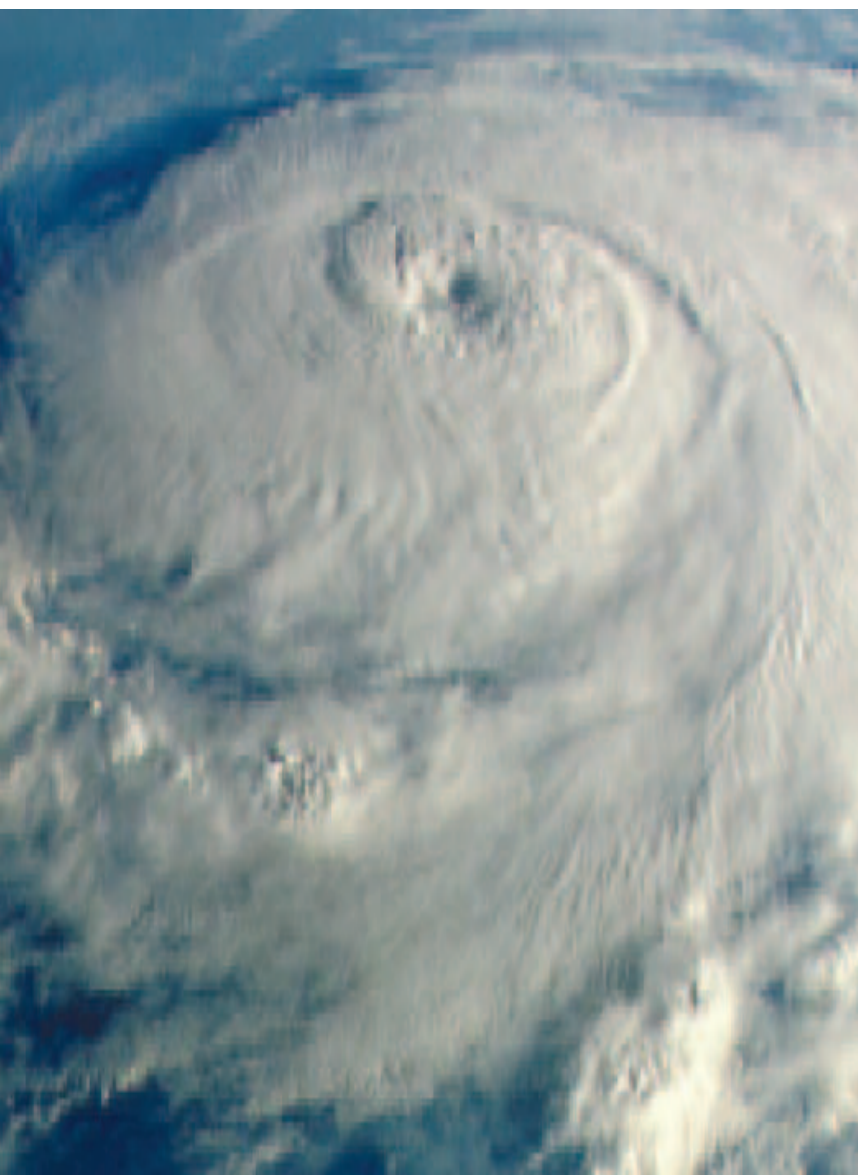


leadership for carbon management



With the recent Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report and the Stern Review on the Economics of Climate Change, the scientific consensus behind anthropogenic climate change has been forcefully demonstrated. It is now clear that mitigating climate change will cost us much less than dealing with its unconstrained effects.

HOWEVER, THERE IS no one 'silver bullet' that can halt climate change in its track – action across all fronts is important and therefore opportunities exist for a number of diverse players. Bold leadership on climate change has the potential to deliver significant economic benefits – through improvements in economic performance, increased energy efficiency, improved growth as a result of technological innovation, greater energy security and access to significant global export markets for low carbon technologies. There are a range of technologies and services that could give organisations a leading position in these new markets.

Some organisations have demonstrated leadership in this area but the majority have been reluctant to commit themselves to a new way of doing business without greater certainty about the future in which they will be operating. While setting long-term objectives through policies is essential, such as those proposed in the UK Climate Change Bill or California's 80% emissions reduction target by 2050, the detail of how we achieve

those objectives is the key to unlocking the opportunities. It is easier to agree to broad emissions reduction targets without the detail of how these reductions will be achieved.

Concerns about competitiveness and growth are a major factor in countries' unwillingness to commit to more ambitious detailed policy, and in many countries businesses are lobbying hard against both domestic and international climate change policy. With the right policy framework in place a country's overall competitiveness need not be adversely affected. Moreover, maintaining forward momentum at the international level will require the UK, and its partners in the EU, to show leadership by taking ambitious action now.

In its work with business and government, the University of Cambridge Programme for Industry (CPI) has found three ways to advance the agenda. By building up the capacity for regional, organisational and personal leadership it is easier to see how tackling climate change could become an integral part of 'business as usual' and not something which is seen as too risky or uncertain.

Regional leadership

The Prince of Wales's Corporate Leaders Group on Climate Change is a group of 18 business leaders from some of the largest companies with interests in the UK who have set out to support the UK Government to demonstrate leadership in this area. The companies include ABN AMRO, Anglian Water Group, B&Q, BAA, BSKyB, Centrica, E.On, F&C Asset Management, John Lewis Partnership, Johnson Matthey, Reckitt Benckiser, Shell, Standard Chartered Bank, Sun Microsystems, Tesco, Thames Water, Unilever and Vodafone.

The first output from the group was a letter to the Prime Minister in the run up to the G8 Summit in Gleneagles in early 2005. The letter argued that investing in a low-carbon future should be "a strategic business objective for UK plc as a whole" and pointed out that at present "the private sector and governments are in a 'Catch 22' situation with regard to tackling climate change, in which governments feel limited in their ability to introduce new climate change policy because they fear business resistance, while companies are unable to scale up investment in low carbon solutions because of the absence of long-term policies".

To build on their work the group wrote to the Prime Minister again in June 2006 reiterating their support for the UK to show international leadership in this area by setting clear and long-term domestic policies as well as working together with international colleagues in developing climate change frameworks. The group believes that the UK must lead by example to show that developed countries, such as the UK, are serious about their commitment to tackling climate change and that such action is not damaging to economies. The need for both a long-term carbon market, as well as new



President Barroso meets with representatives of the European Corporate Leaders Group on climate change in December 2006

mechanisms to stimulate a step change in investment in low carbon technologies is central to the group's work.

Of course, UK leadership will help with both international negotiations and with our nearest neighbours. The group has therefore recently engaged with companies from across Europe to work with the European President, José Manuel Barroso, to encourage further action on climate change by the European Commission. At the end of November 2006, 25 businesses – including Deutsche Telekom, Statoil, GE International, and KLM Royal Dutch Airlines – wrote to and met with President Barroso.

Within the letter, all 25 signatories called for pro-active policy and decisive leadership in tackling climate change: "As business leaders, our concern is with how we can help bridge the gap between today's economy and the lower-carbon future that will be needed to reach these goals." This wider group is now planning to work in partnership with the President to help support progress on climate change within the EU and to help the Commission show leadership through bold action. The Commission recently demonstrated this leadership by setting targets for emissions reductions across the EU (20% by 2020).

This regional leadership starts to provide the framework in which the risk associated with bold action to tackle climate change by organisations is reduced.

climate leadership programme

The recently launched Climate Leadership Programme (www.cpi.cam.ac.uk/climate) is a partnership between CPI, The Climate Group and Duke University to help senior leaders understand how to seize the business advantage inherent in addressing global climate change. This programme is run over 3 days and combines the universities' world-class knowledge on climate science and policy with insight into business leadership to provide all participants with a vision for how to succeed in a world moving towards a low carbon economy.