



*for a living planet*

**CARBON DISCLOSURE PROJECT**

# **WINNERS IN A LOW CARBON ECONOMY**

**CLIMATE CHANGE  
AS A DRIVER FOR PROFIT  
AND INNOVATION**

## WINNERS IN A LOW CARBON ECONOMY

### Climate change as a driver for profit and innovation

#### OBJECTIVE

The objective of the project initiated by WWF in partnership with the CDP Secretariat, is to assess the opportunities to make profit from rapid reductions of CO<sub>2</sub> emissions that different companies/sectors have and how they best can report this.

#### BACKGROUND

There is a need to understand a new business situation where the reduction of CO<sub>2</sub> can be seen as primarily an opportunity and a driver for innovation rather than as a risk and a challenge.

Transparency and reporting in companies have so far focused more on risk management and the major emitters. This is probably partly due to the fact that investors have mainly focused on this particular aspect.

While a risk perspective makes sense in the short-term for highly polluting companies, these companies are not the only ones that need to act if society is to reach the targets that scientists and politicians have voiced, e.g. 30 percent in the EU until 2020 and global reduction of at least 50 percent until 2050.

An increased number of initiatives (public and private) to reduce CO<sub>2</sub> have also resulted in activities among companies in sectors that are not big emitters themselves, but that have products and services that can be used to reduce CO<sub>2</sub>. Even for highly polluting companies a medium to long-term perspective can turn reduction of CO<sub>2</sub> into a business opportunity.

#### ACTIVITIES

##### Phase one: Mapping the situation

1. Map companies that have the products/services to provide possible solutions for a low carbon economy. Make use of existing studies and organisations with an interest in this area.
2. Joint collaboration with leading business schools and business consultants to analyse strategies that companies have used to turn the need for CO<sub>2</sub> reductions into a business opportunity that increases

revenue, sales and profit (not just reduces costs).

3. Interviews with leading entrepreneurs in companies that use CO<sub>2</sub> reductions as a driver for innovation and profit, about the role for investors and reporting.

##### Phase II: Exploring new tools

4. From an investor's perspective, explore how future reporting and transparency guidelines can be developed to reflect changes within the business community to use the reduction of CO<sub>2</sub> as a driver for profit and innovation.
5. Explore what broader changes in the business community could be expected and how these affect the business strategies and profits of different companies (including SMEs with innovative solutions for CO<sub>2</sub> reductions).

##### Phase III: Investigate key stakeholders' perceptions

6. Round tables with companies to explore possible ways forward in relation to investor responsibility and reporting.
7. The opportunity to establish incentive structures.

##### Phase IV:

8. Presentation of the results in a report.

#### CLUSTERS THAT WILL BE EXPLORED

To significantly reduce CO<sub>2</sub> it is necessary to go beyond the current industrial sectors and ask the question: What low-carbon products and services will be able to provide the services that society wants? To better depict these products and services the project will focus on four clusters.

- BUILDING/CONSTRUCTION/INFRASTRUCTURE
- LIVING (HOUSEHOLD APPLIANCES/FURNITURE)
- COMMUNICATION/ICT
- FOOD/ENTERTAINMENT

#### WINNERS CATEGORIES

The winners in a low-carbon economy will vary and it is important to explore different ways for a company to become a winner.

The following five categories will act as a starting point:

- **A FAST SHIFT IN PRODUCT PORTFOLIO**  
*(e.g. Power company moving from coal to clean, car company moving from fossil to future).*
- **A FAST SHIFT IN PRODUCTION**  
*(e.g. Pulp and paper moving from being a large user of electricity to a net producer of green electricity).*
- **TRANSFORMATIONAL CHANGE FOR OTHERS**  
*(e.g. Solar-PV providers are helping construction companies to build houses that are carbon-free, ESCOs are helping companies to increase their energy efficiency)*
- **NEW BUSINESS IDEAS**  
*(e.g. Voice/Image over IP that reduces the need for physical transport)*
- **SUPPORTIVE FUNCTIONS**  
*(e.g. Companies helping with carbon accounting satisfying a new need in companies).*
- **CONTENT PROVIDERS**  
*(e.g. Companies using for example, mobile phones to control heating will use existing systems and make them climate intelligent).*

It is possible that some companies will belong to different categories and that companies will ensure a strong sustainability position through new acquisitions and mergers as well as participation in new networks.

#### TIME

The final report will be published in November 2008.

#### RESPONSIBILITIES

WWF will provide the funding and the work will be guided by the project team that will assign different experts for the different phases of the project. The project team will edit the final report.

#### PARTICIPATING ORGANISATIONS

**WWF** operates in more than 100 countries working towards a future in which humans live in harmony with nature. WWF is currently funding around 2,000 conservation projects and employs almost 4,000 people across the globe.

**The Carbon Disclosure Project (CDP)** provides a coordinating secretariat for institutional investors with a combined \$41 trillion of assets under management.

On their behalf it seeks information about the business risks and opportunities presented by climate change and greenhouse gas emissions data from the world's largest companies: 2,400 in 2007.

CDP represents an efficient process whereby many institutional investors collectively sign a single global request for disclosure of information on Greenhouse Gas Emissions. More than 1,000 large corporations report on their emissions through this website. On 1st February 2007 this request was sent to over 2,400 companies. •

**“... A NEW BUSINESS SITUATION WHERE THE REDUCTION OF CO<sub>2</sub> CAN BE SEEN AS PRIMARILY AN OPPORTUNITY AND A DRIVER FOR INNOVATION RATHER THAN AS A RISK AND A CHALLENGE.”**

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