Developing a Response

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Evolving Climate Change Regulations - Strategies for Reducing Corporate Risks and Liabilities

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A. Responding to Climate Change: An Appreciation for a System

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The Economist

"In many cases, costs of carbon footprint and benefits are felt in different parts of the business. To join up what are in effect departmental externalities requires a great deal of vision, leading all concerned to work in the best interests of the whole business rather than localized wins and losses. The IT organization is one of the few departments with a helicopter view of the company, both in terms of systems and processes. And, as previously mentioned, the CIO can play a pivotal role in helping to better inform the organization's green agenda.

A Quote from a Report by The Economist Group
By David Clarke, Chief Executive of the British Computer Society.

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Addressing Climate Change in the Business Sector

Not about CSR or SRI

Not about regulated capitalism

IS about an appreciation for a system

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Definition of a System

A Grouping of Interrelated and Interdependent Processes

In the Service of an Aim

Each system component and process must be aligned with and support the aim of the overall system

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Lack of Alignment

Credit Crisis

U.S. Competiveness Crisis

Climate Crisis

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Systems Approach to Climate Change

A. Overall system: Planet's ecosystem

B. Powerful subsystem: Global economy

C. Using Deming Model for alignments

THEN

D. Need to get powerful economic system to serve the aim of the earth's ecosystem (instead of the other way around)

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Relating Alignment to Corporate Risks and Liabilities

Non-issue

CSR

Compliance

Fierce Global Competitor

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B. New Kinds of Business Risks

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Emerging Business Risks from Climate Change

Legal / Reg

Strategic

Value Chain

Competitive

Physical

Reputational

New Biz Oppty

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C. New Paradigms

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Emerging Paradigms for Addressing Climate Change

The Natural Step

Biomimicry

Closed-Loop

Energy-IT Swap

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D. Business Implications of Judicial / Reg action

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Unlikely Allies of Climate Regulation

USCAP

INCR

Wal-Mart

Duke Energy

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Unlikely Allies
USCAP

Alcoa
BP America Inc
Caterpillar Inc
Duke Energy
DuPont
FPL Group, Inc.
General Electric
PG&E Corporation
PNM Resources

AIG
Boston Scientific Corporation
Chrysler LLC
ConocoPhillips
Deere & Company
The Dow Chemical Company
Exelon Corporation
Ford Motor Company
General Motors Corp
Johnson & Johnson
Marsh, Inc.
NRG Energy, Inc.
PepsiCo
Rio Tinto
Shell
Siemens Corporation
Xerox Corporation.

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Unlikely Allies
INCR

State Treasurers

State/City Comptrollers

Public Pension Funds

Labor Pension Funds

Foundations

Asset Managers

Global Banks

University Endowments

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E. Developing a Plan

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What **NOT** to do

Hire a CCO (Chief Climate/Carbon Officer)

Set Targets for Each Division/Subsidiary

Reward Mgt based on meeting targets

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What **To** do

Board / Management Committee Involvement

Assessment of Current Carbon Exposure

Commitment to long-term plan to de-carbonize

Put entire value chain to work in service of aim

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