



CLIMATE & ENERGY ROUNDTABLE

CEOs, PM Blair, & Governor Schwarzenegger Commit To Urgent Action

On July 31st The Climate Group convened a 'Climate and Energy Roundtable' bringing together 14 CEOs, UK Prime Minister Tony Blair and California Governor Arnold Schwarzenegger to discuss how business and government could accelerate the deployment of clean energy and clean technologies and facilitate the necessary transition to a low carbon economy. With BP as the host, the historic event took place in a large tent cooled using biodiesel fuel at a BP facility at the Port of Long Beach.

Those seated at the table included Lord Browne, BP; Chad Holliday, DuPont; Tom King, PG&E; Richard Branson, Virgin; California Assembly Speaker Fabian Nunez, Mike Morris, AEP; Sergey Brin, Google; and James Murdoch, British Sky Broadcasting.

The Roundtable provided a private forum to discuss the role of business and government in tackling what Tony Blair described as *"the greatest threat faced by mankind"*. The discussion focused on signals and drivers business needs from government. Participants cited the need for **long-term policy framework** expressing businesses willingness to accept higher costs of low-carbon technologies if the long-term benefits are clear. The leaders also explored how sectors can work together to reduce greenhouse gas emissions, acknowledging efficiency programs as most cost-effective in the short term but with investment in renewables also critical.

Additional areas highlighted included: performance-based incentive programs; increased financing for and investments in low carbon technologies; enabling and engaging customers; and increasing the affordability and markets for the best technology options.

Business leaders made clear their intentions to tackle the problem head on by releasing a **Leadership Statement on Climate Change** calling for **'decisive action... to avert the worst affects of global warming'** and applauding the **Corporate Climate Alliance** established by The Climate Group.

"ADDRESSING CLIMATE CHANGE WILL TAKE BOLD LEADERSHIP. IT'S A GLOBAL PROBLEM AND WILL REQUIRE A GLOBAL SOLUTION. MEETINGS LIKE THE ONE HELD TODAY BETWEEN BUSINESS AND GOVERNMENT LEADERS ARE AN IMPORTANT STEP IN BUILDING CONSENSUS ON A WAY FORWARD."
LORD BROWNE, BP



PM Tony Blair and CA Governor Arnold Schwarzenegger



James Murdoch, Sky, Tom King, PG&E, Fabian Nunez, CA State Legislature



THE COMPANIES SEATED AT THE TABLE TOGETHER REPRESENTED ONE HALF TRILLION DOLLARS IN TURNOVER, MORE THAN 315,000 EMPLOYEES, AND WELL IN EXCESS OF 207 MILLION CUSTOMERS. THE TWO GOVERNMENT LEADERS REPRESENTED TWO OF THE WORLD'S LARGEST AND MOST INFLUENTIAL ECONOMIES.

The alliance stated aims are to:

1. Advance action on climate change in all sectors, public and private
2. Build public support for action on climate change
3. Reduce greenhouse gas emissions of industries, companies and customers
4. Engage on appropriate policy frameworks to reduce greenhouse gas emissions and accelerate the deployment of clean energy and low carbon technologies

At the press conference following the Roundtable, the Prime Minister and Governor made a significant announcement focused on the importance of collaborative action in climate change mitigation.

“We are launching today a UK-California Partnership which will allow us to explore how both of us (California and the UK) as leaders can combine together in research and technology... in trying to evolve market mechanisms that allow us to reduce CO2 emissions. And... one thing that would be really, really exciting is if we could start a tie-up between what we are doing in Europe with the European trading emissions system and what could happen here in the US and here in the state of California.”
Prime Minister Tony Blair

One of the key messages at the heart of Governor Schwarzenegger’s speech was that the measures California is pursuing, as well as the state’s ambitious targets, will not compromise economic growth; rather that they will promote innovation and business opportunities. The Governor highlighted California’s history of leadership in other key areas and stated that for dangerous climate change to be averted California was prepared to lead the way again.

"California will not wait for our federal government to take strong action on global warming. International partnerships are needed in the fight against global warming and California has a responsibility and a profound role to play to protect not only our environment, but to be a world leader on this issue as well."
Governor Schwarzenegger

ROUNDTABLE PARTICIPANTS:

PM Tony Blair, Governor Arnold Schwarzenegger, CA Assembly Speaker Fabian Nunez, Steve Howard, CEO, The Climate Group, joined by:

LORD BROWNE OF MADINGLEY, CEO, BP; SIR RICHARD BRANSON, FOUNDER AND CHAIRMAN, VIRGIN GROUP; SERGEY BRIN, FOUNDER, GOOGLE; JOHN BRYSON, CEO, EDISON INTERNATIONAL; VIVIENNE COX, CEO OF GAS, POWER & RENEWABLES, BP; KEVIN DAVIS, CEO, MAN FINANCIAL; JACQUES DUBOIS, PRESIDENT AND CEO, SWISS RE AMERICA; DAN HENDRIX, CEO, INTERFACE; CHAD HOLLIDAY JR, CEO, DUPONT; TOM KING, PRESIDENT AND CEO, PACIFIC GAS AND ELECTRIC COMPANY; RICK LAZIO, EXEC VP HEAD OF GOVERNMENT AFFAIRS AND PUBLIC POLICY, JPMORGAN CHASE; MIKE MORRIS, CEO, AMERICAN ELECTRIC POWER; JAMES MURDOCH, CEO, BRITISH SKY BROADCASTING; ANTHONY PRATT, CHAIRMAN AND CEO, PRATT INDUSTRIES; JEFF SWARTZ, PRESIDENT AND CEO, TIMBERLAND; TRACY WOLSTENCROFT, MANAGING DIRECTOR, GOLDMAN SACHS

Leadership Statement on Climate Action and UK / CA announcement are attached.

Further information and press coverage of the event can be found at The Climate Group website:
<http://theclimategroup.org/index.php?pid=837>

A transcript of the Press Conference can be found at:
<http://www.number-10.gov.uk/output/Page9945.asp>

LEADERSHIP STATEMENT ON CLIMATE ACTION

Climate and Energy Roundtable, 31st JULY 2006



Convened by The Climate Group, we have assembled today with Prime Minister Tony Blair and Governor Arnold Schwarzenegger to discuss how we as business and government can deploy clean energy and clean technologies to accelerate the transition to a low carbon economy. Innovative climate change and energy policies have the potential to improve economic performance through increased energy efficiency, increased technological innovation, and greater energy security.

Our companies have begun to act: some are launching new products and services; others have achieved significant reductions in operational carbon emissions; others are investing in clean energy and low carbon technologies. We recognize that the private sector must play an active role in advancing sustainable solutions to climate change and should be acknowledged through policies that account for early actions.

We discussed the value of establishing a global goal, based on maximum temperature increase or atmospheric concentration of greenhouse gases, to help deliver greater policy certainty.

We also discussed the role of long term policy frameworks that utilize market-based mechanisms as having the potential to send clear signals on the price of carbon; unleashing innovation and competition¹. Areas identified for business and government collaboration include:

- Performance based incentive programs to stimulate development and commercialization of low carbon technologies
- Greater investments in low carbon economic growth: especially in emerging markets
- Integrating clean energy and technologies in government procurement and private sector supply chain purchasing to drive innovation, increase affordability and create new markets

To progress the principles discussed at today's Roundtable, The Climate Group is convening a Corporate Climate Alliance. We commend the launch of this initiative that will work with companies to:

1. Advance action on climate change in all sectors, public and private
2. Build public support for action on climate change
3. Reduce greenhouse gas emissions of our industries, our companies and our customers
4. Engage on appropriate policy frameworks to reduce greenhouse gas emissions and accelerate the deployment of clean energy and low carbon technologies

While our individual businesses will have diverse responses to climate change we share the commitment that decisive action is needed. Climate change is a global priority requiring focused and coordinated effort to avert the worst affects of global warming and restabilize our climate for future generation

- **CHARLES O. HOLLIDAY JR, DUPONT**
- **THOMAS B. KING, PG&E**
- **RICK LAZIO, JPMORGAN CHASE**
- **JAMES R. MURDOCH, BRITISH SKY BROADCASTING**
- **ANTHONY PRATT, PRATT INDUSTRIES**
- **JEFFREY B. SWARTZ, TIMBERLAND**
- **LORD JOHN BROWNE, BP**
- **SIR RICHARD BRANSON, VIRGIN GROUP**
- **SERGEY BRIN, GOOGLE**
- **KEVIN DAVIS, MAN FINANCIAL**
- **JACQUES E. DUBOIS, SWISS RE AMERICA**
- **DANIEL T. HENDRIX, INTERFACE INC**

¹ Reflecting the principles articulated at the G8 Climate Change Roundtable (http://www.theclimategroup.org/assets/WEF_statement.doc)



UNITED KINGDOM AND-CALIFORNIA ANNOUNCEMENT ON CLIMATE CHANGE & CLEAN ENERGY COLLABORATION



Mission Statement: The environmental and economic consequences of climate change and our dependency on fossil fuels compel both California (CA) and the United Kingdom (UK) to commit to urgent action to reduce greenhouse gas emissions and promote low carbon technologies. CA and the UK recognize the linkages between climate change, energy security, human health and robust economic growth. Working together, California and the UK commit to build upon current efforts, share experiences, find new solutions, and work to educate the public on the need for aggressive action to address climate change and promote energy diversity.

We commit to work to:

Evaluate and implement market-based mechanisms that spur innovation.

- ✓ The UK will share best practices on emissions trading and lessons learned in Europe. CA and the UK will also explore the potential for linkages between our market-based mechanisms that will better enable the carbon market(s) to accelerate the transition to a low carbon economy.

Deepen our understanding of the economics of climate change.

- ✓ Both CA and the UK have efforts underway to quantify the economic impacts of climate change, mitigation efforts, and adaptation strategies. We will share results from these on-going and emerging studies. In particular, we must understand how best to model the impact of climate change emissions reduction policies and adaptation measures on regional and national economies.

Collaborate on technology research.

- ✓ We will coordinate our energy sector efforts to switch to clean energy technologies, promote green buildings, and increase the use of efficiency and renewable energy technologies. We will share information regarding our efforts to reduce emissions from the transportation sector, including California's emission standards and hydrogen highway and the United Kingdom's experience with a renewable fuels standard and clean coal technologies.

Enhance linkages between our scientific communities.

- ✓ Enhanced coordination will help us understand the impacts of climate change at a regional level, potential mitigation strategies and adaptation measures, as well as acceptable levels at which to stabilise emissions. There are a number of efforts to build on, most notably at the UK Hadley Centre and the Virtual Climate Center in CA.

Background: PM Tony Blair and Governor Arnold Schwarzenegger have both already committed to aggressive policies to address the impacts of climate change. Leadership is vital given the potential threats of climate change - degradation to our water supply and air quality, flooding dangers, health consequences, and loss of valuable natural resources. But there are also economic opportunities in taking action, in implementing market-based solutions that will drive the innovation needed to build a low carbon economy.

New policies are critical if significant cuts in emissions and development of new technologies are to be delivered. Governor Schwarzenegger has called for a reduction of emissions in California to 2000 levels by 2010 and 1990 levels by 2020. The UK has put in place a wide range of policies that aim to reduce CO2 emissions by 60% from 1990 levels by 2050. Market-led policies that promote cleaner energy technologies will be needed to meet these targets. These technologies will be key drivers in our efforts to reduce greenhouse gas emissions and mitigate the adverse consequences of climate change.

Next Steps: Even with our successes, there is more to be done to reduce greenhouse gas emissions and prepare our environment and our economy for a clean energy revolution. Together and in coordination with business and environmental leaders and other stakeholders we can take actions that protect the planet, are good for the economy, and provide greater energy security and diversity. This should include working with China, India and other rapidly growing economies to develop and deploy clean energy technologies in those countries that will reduce worldwide greenhouse gas emissions.

We commit to an exchange of delegations to achieve these goals.