Majority Of World's Largest Companies Shifting To Clean Energy

Despite climate and energy policy inching forward in Congress and at the UN climate change negotiations in Qatar, a new report from Calvert Investments, Ceres and World Wildlife Fund (WWF) shows that most of the world's largest companies aren't waiting on governments to embrace renewable energy and lower emissions.

The report, "Power Forward: Why the World's Largest Companies are Investing in Renewable Energy," shows that a majority of Fortune 100 companies have set a renewable energy commitment, a greenhouse gas (GHG) emissions reduction commitment or both. The trend is even stronger internationally, as more than two-thirds of Fortune's Global 100 have set the same commitments.

"The companies that are boldly setting either greenhouse gas or renewable energy goals and making progress on those commitments are demonstrating the business case and real leadership on climate change," said Marty Spitzer, WWF's Director of US Climate Policy. "And, in the process, these companies are changing the game — driving significant renewable energy investment globally and pressing for the right policy and market conditions that will allow companies to do even more."

Through two dozen interviews with Fortune and Global 100 executives and analysis of public disclosures, the report finds that clean energy practices are becoming standard procedures for some of the largest and most profitable companies in the world, including AT&T, DuPont, General Motors, HP, Sprint, and Walmart. Among other key findings, the report shows that:

•96 companies from the combined 173 companies in the Fortune 100 and Global 100 have set GHG reduction goals (56 percent).

•Of those, 23 companies have set specific goals for renewable energy use (13 percent), with others using renewable energy to meet their GHG goals.

•Many companies are shifting from purchasing short-term, temporary Renewable Energy Credits (RECs) to longer-term investment strategies like Power Purchase Agreements (PPAs) and on-site projects, indicating a long-term commitment to renewable energy and reaping the benefits of reduced price volatility.

"The world's largest companies are expanding their use of renewable energy because it makes good business sense – they see the value in diversifying their energy supply, mitigating fuel cost risk, cutting their energy-related emissions, and, in some cases, providing a physical asset with real value for the enterprise," said Calvert's Senior Vice President for Sustainability Research and Policy, Bennett Freeman. "We strongly encourage all companies to set renewable energy targets and disclose these commitments, which we believe will help companies—and those who invest in them—address clear risks and seize concrete opportunities."

Despite tremendous progress, some companies have yet to set goals, and those that have still face several challenges to accelerating their use of renewable energy. Companies identified the following key barriers: the fact that in some regions renewable energy is not yet at cost-parity with subsidized fossil-based energy; internal competition for capital; and inconsistent policies that send mixed signals to companies and investors in renewable energy projects, particularly instability in renewable energy incentives and policies that prevent companies from signing green power purchase agreements.

The report offers several recommendations for U.S. policymakers, including promoting tax credits or other incentives that level the cost playing field for renewable energy, particularly, extending the Production Tax Credit for wind energy this year; establishing Renewable Portfolio Standards in states that do not have them; removing policy hurdles in states that prevent companies from contracting to buy the cheapest renewable power available and building on-site renewable power generation; and market-based solutions that put a price on the pollution from conventional energy generation.

"When a majority of the world's largest companies are investing in clean energy, you can truly see its value," said Mindy Lubber, President of Ceres. "It speaks volumes that almost all of these companies set their renewable energy and greenhouse gas goals after the economic downturn, precisely because they understand the economic benefits of efficiency and renewable energy. We encourage lawmakers to support policies that help companies meet and strengthen their clean energy goals."

The report was prepared by David Gardiner & Associates with the guidance of WWF, Ceres, and Calvert staff.

Calvert Investments is an investment management company serving institutional investors, workplace retirement plans, financial intermediaries and their clients, Calvert Investments offers more than 40 equity, bond, cash, and asset allocation strategies, of which many feature integrated environmental, social, and governance research. Founded in 1976 and based in Bethesda, Maryland, Calvert Investments manages over $11.5 billion in assets. Calvert Investment Management Inc. serves as the investment advisor and provides sustainability research for the Calvert mutual funds and institutional investment strategies. For more information visit, http://www.calvert.com/sri.html

Ceres is an advocate for sustainability leadership. Ceres mobilizes a powerful coalition of investors, companies and public interest groups to accelerate and expand the adoption of sustainable business practices and solutions to build a healthy global economy. Ceres also directs the Investor Network on Climate Risk (INCR), a network of 100 institutional investors with collective assets totaling more than $10 trillion.

WWF is the world's leading conservation organization, working in 100 countries for nearly half a century. With the support of almost 5 million members worldwide, WWF is dedicated to delivering science-based solutions to preserve the diversity and abundance of life on Earth, halt the degradation of the environment and combat climate change. Visit http://www.worldwildlife.org to learn more.

12/12/2012