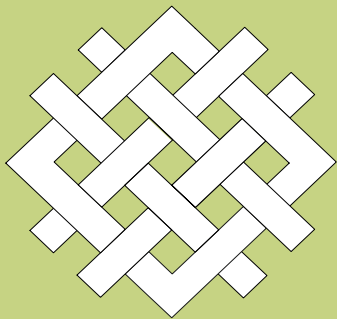


Climate Change and Competitiveness

**Fred Wellington, CFA
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**The Climate Change Issue:
An Opportunity for a Bi-Lateral Approach
Washington, DC
May 23, 2006**



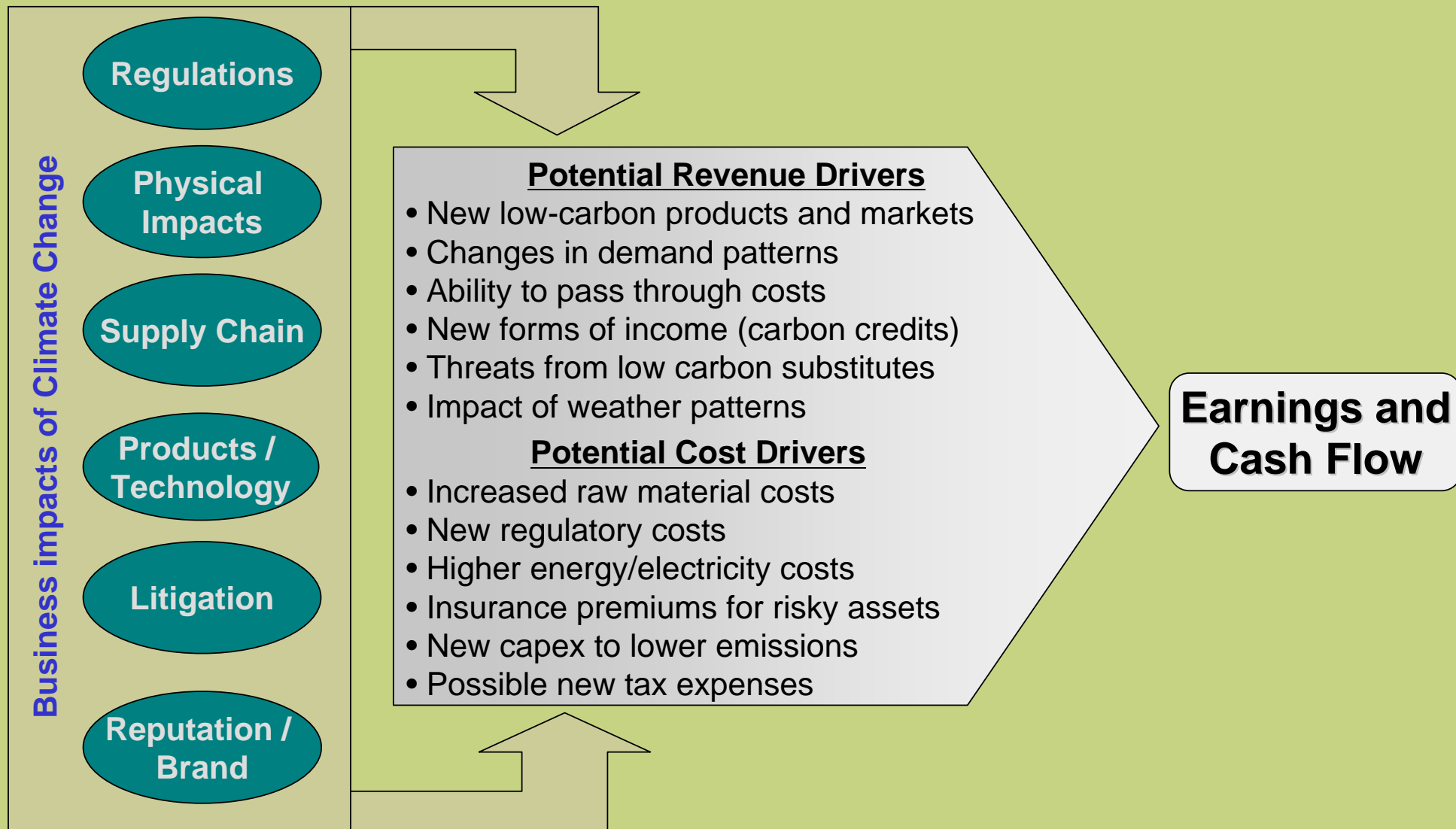
World Resources Institute (WRI) is an independent environmental think tank of business and policy analysts working to find practical solutions to environmental problems

Climate Change and Competitiveness

- Climate policy is coming...but climate competitiveness goes beyond policy risk exposure
- Different sectors exposed to different set of risks and opportunities
- Within sectors there are winners and losers depending on:
 - Mix of assets and products
 - Geographical location of value chain
 - Cost pass through (demand elasticity)
 - Management vision and corporate culture
 - Brand image and stakeholder relations

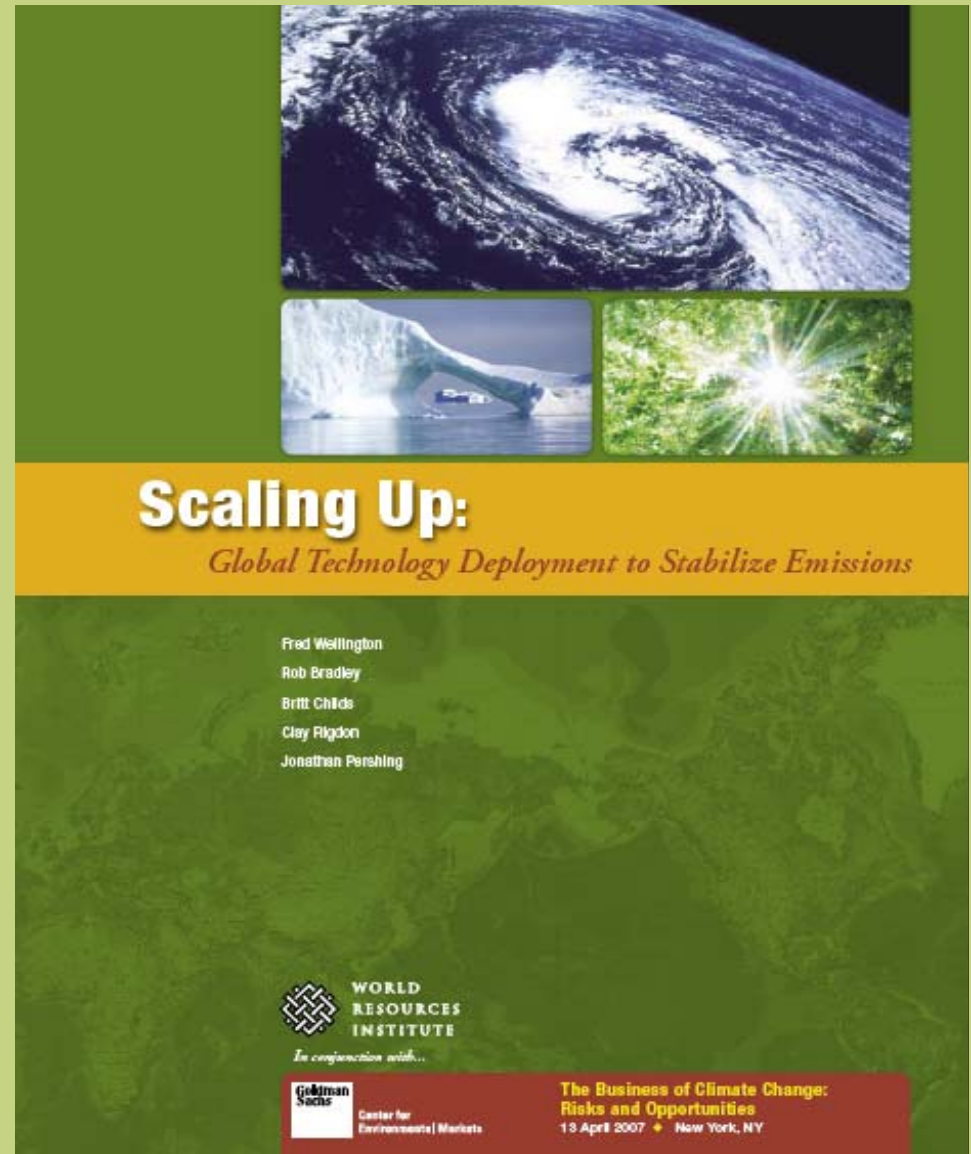


Climate Change and Cash Flows



Low Carbon Technology

- Technology advantage for companies and investors alike
- Technology *development* vs. *deployment*
- Who is building infrastructure and who is financing it?
- How can financial institutions structure transactions to tap new sources of capital?



Improving Climate Competitiveness

Four Step Process

1. Quantify Direct Footprint
2. Climate SWOT Analysis
3. Adapt Business in Response
4. Do it Better than Competitors



Conclusion

- Climate change is not an issue of corporate social responsibility
- Climate change can impact cash flows and profitability
- Investors are analyzing climate competitiveness
- Companies should mitigate risk and maximize competitive advantage around climate change



Questions?

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