



Off the Charts

The U.S. EPA ENERGY STAR® Program's E-Newsletter
Covering Energy Management for the Financial Markets

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Efficiency Leads the Way: S&P500 Survey Reveals Focus on Energy Saving Programs

When big U.S. companies want to address climate change, programs that drive energy efficiency improvements usually top their list. That is the key finding of the latest survey of Standard & Poor's 500 (S&P500) companies conducted by the Carbon Disclosure Project (CDP5), a collaboration of more than 315 institutional investors with \$41 trillion in assets under management.

Of the 282 S&P500 companies responding to the CDP5 survey, 78 percent indicated that they were engaged in energy efficiency initiatives to drive down their greenhouse gas (GHG) emissions. Of this year's respondents, 42 percent are ENERGY STAR® partners. By comparison, 37 percent of the respondents said they were involved in renewable energy projects or had set targets for renewable

Financing Carbon Savings from Buildings Climate Initiatives Seek To Stimulate Investment in Building Upgrades and Technology

From an energy efficiency standpoint, commercial, industrial, and institutional buildings offer a treasure trove of potential savings that remains largely untapped. Their contribution to global CO₂ and other greenhouse gas (GHG) emissions is a focus of both private and public sector studies and GHG mitigation efforts. The importance of improved building efficiency for combating global warming has grown significantly over the past year. While initiatives such as the ENERGY STAR program for buildings have focused on this issue for the past 10 years, increased concern about global climate change has fostered recognition of the importance of reducing energy-related carbon emissions.

Energy Strategy for the Road Ahead New Report Identifies Actions for Boards and Executives

What impact will climate change, higher energy costs, and price volatility have on the profitability of the companies in which you invest?

Are your holdings prepared for significant uncertainties facing energy markets?

What companies stand to benefit and prosper in a carbon-constrained, high-energy price market?

What energy management strategies should companies launch now to prepare for the future?

The next 25 years will likely bring significant changes in energy markets and have an impact on energy prices, availability, and reliability to business and consumers. Consider these trends:

ENERGY STAR is a U.S. EPA partnership program that helps business protect the environment through superior energy management.

We welcome your questions and comments on how Off the Charts can better serve your informational needs. Please contact us at:

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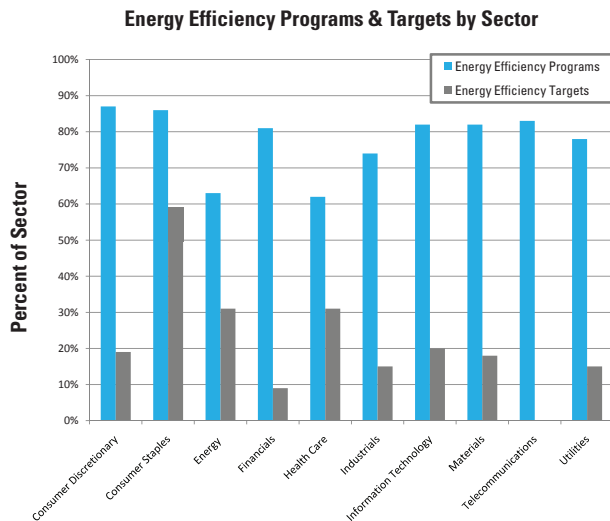
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Companies Leading with Efficiency

energy purchases. Likewise, 36 percent of respondents said they were considering or were actively engaged in carbon emissions trading programs. CDP5 also noted that the survey response rate rose across all industry sectors.



Fully half of the S&P500 respondents have assigned board members or senior managers to oversee climate-related issues, and 65 percent have publicly disclosed GHG emissions data. Yet only 29 percent of respondents have implemented GHG reduction programs with specific targets and timelines. This includes companies that have set targets to reduce the intensity of their GHG emissions, without setting caps on their absolute emissions.

Another key finding of the S&P500 report is that while most respondents identified specific regulatory or physical risks associated with climate change, few attempted to quantify these risks in dollar terms or discussed them in their securities filings. In an examination of climate risk disclosure in Form 10-K filings, only utilities consistently discussed these risks in securities filings. Even then, only one utility and two other companies in the survey sample described these risks in terms of the “materiality” to their firms.

“The material effects of climate change remain largely undetermined and undisclosed,” concluded study author Doug Cogan, director of climate change research for RiskMetrics Group Inc., which wrote the CDP5 report on the S&P500 companies.

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Supply Chain Initiative

Wal-Mart Stores, the world’s largest retailer, ranked as a leader in the S&P500 Report. Wal-Mart committed \$500 million annually to sustainable technologies and innovations to achieve a 20 percent improvement in energy efficiency in existing stores by 2013 and cut annual electricity use by 3.5 million megawatt-hours. It also pledged to design and open a viable prototype store within 3 years that is 25 to 30 percent more energy-efficient and produces up to 30 percent fewer GHG emissions. At the same time, Wal-Mart plans to double the fuel economy of its trucking fleet by 2015. Wal-Mart is also urging its customers to buy more energy-efficient products. If each of its 100 million+ customers bought just one compact fluorescent light (CFL) bulb, Wal-Mart estimates they would reduce their electric bills by \$3 billion and conserve 50 billion tons of coal.

In a major announcement timed with the release of the CDP5 report last fall, Wal-Mart Chief Merchandising Officer John Fleming said his company would also look at its supply chain to achieve greater energy savings and GHG reductions. In partnership with CDP, Wal-Mart will encourage approximately 60,000 suppliers to disclose GHG emissions data and set reductions targets.

Following Wal-Mart’s lead, six major consumer product companies announced on October 9 that they would join the newly formed Supply Chain Leadership Coalition to encourage vendors and factory suppliers to submit data on carbon emissions and climate change mitigation strategies. Coalition members include Procter & Gamble, Nestle, Tesco, and Unilever. Their use of the CDP questionnaire in eliciting this information will extend exponentially the reach of this survey instrument and help retailers measure indirect emissions throughout their supply chain.

“All of industry is interested in the climate issue,” said Bill Greggs, an associate director in Procter & Gamble’s global sustainability group, at the time of the coalition’s launch. As prices are put on carbon emissions, Greggs said, “Everybody who uses energy will be impacted if energy prices go up, from the oil wells, through the farms and the factories, all the way through the retailers to our consumers.”

Another major retailer, JCPenney, is reaching out to its 150,000+ associates to reduce energy consumption in both the workplace and their homes. The program began in 2004 with measures to drive basic behavioral changes, such as turning off lights in unoccupied rooms and measuring the reduction in monthly utility bills. JCPenney extended the program in 2006 to measure savings over 6-month increments, and it now encompasses employees at company headquarters in Plano, TX. JCPenney said in its CDP5 response that it has joined EPA’s ENERGY STAR program “to make our energy awareness program a bigger success than in the past.”

Companies Leading with Efficiency

Climate Index

RiskMetrics used a scoring system to evaluate survey results. The system was adapted from a scoring methodology developed in conjunction with Ceres, an investor and environmental coalition, and the Investor Network on Climate Risk, a U.S. investor group for which Ceres serves as the secretariat. The index evaluates corporate climate change activities in five main areas:

- Board and management oversight
- Public disclosure (including through securities filings)
- Emissions accounting
- Energy efficiency and renewable energy targets
- Emissions reductions and commercial opportunities

Companies with the highest scores typically were active in all five areas. Within the scoring system, which has a maximum of 28 points, companies that have set targets to raise energy efficiency and renewable energy use, and most importantly, achieve reductions in their GHG emissions over time, earn the most points. Companies that set absolute emission reduction targets earned higher credit than companies with intensity targets tied to production or sales. This weighting assumes that companies setting absolute targets will be better positioned for regulations that compel emissions reductions or the purchase of offsets through emissions trading programs.

To make the score comparable, Risk Metrics then calculated a percentage grade for each company that is based on the total points available for each sector.

Company Results

The majority of companies receiving top marks from RiskMetrics for quality of their climate risk disclosures are active in the U.S. Environmental Protection Agency's (EPA's) ENERGY STAR and Climate Leaders programs. These companies include:

- **DuPont** (graded 93), an ENERGY STAR partner since 2000 and Climate Leader since 2006. DuPont is currently involved with the ENERGY STAR Petrochemical Focus and has participated in EPA programs to address non-CO₂ GHG emissions.
- **General Motors** (graded 88), an ENERGY STAR partner since 2000 and Climate Leader since 2002. GM was the ENERGY STAR Partner of the Year for energy management in 2002 and is involved in the ENERGY STAR Motor Vehicle Focus.
- **3M** (graded 75), an ENERGY STAR partner since 2000 and

awarded the ENERGY STAR Partner of the Year in 2004, 2005, 2006, and 2007. 3M is a charter Climate Leaders partner.

- **Ford Motor Company** (graded 75), an ENERGY STAR partner since 2001 and awarded the ENERGY STAR Partner of the Year for energy management in 2005 and 2006.
- **UTC** (graded 75), a Climate Leaders partner and ENERGY STAR partner since 2000.
- **Hewlett-Packard** (graded 73), which has partnered with ENERGY STAR to develop energy efficiency products and to improve the energy efficiency of its facilities.
- **Wal-Mart** (graded 71), which has partnered with ENERGY STAR to promote energy-efficient products such as compact fluorescent light bulbs (CFLs) and improve the energy efficiency of its facilities.

GM Cut its Energy Footprint by 26.6 Percent from 1995-2004; Ford Improved Energy Efficiency by 12 Percent from 2000-2004.

Sector Results

Respondents across all 10 sectors of the S&P500 Index embraced energy efficiency programs to abate their GHG emissions and achieve cost savings at their firms. Among CDP5 respondents, consumer-oriented and telecommunications firms were the most likely to cite such initiatives. Firms in the energy and health care sectors cited the least activity.

Sector-level results do not tell the whole story. Several large health care firms—including **Baxter International**, **Johnson & Johnson**, **Merck & Co. Inc.**, and **Pfizer**—are all partners of the Climate Leaders and ENERGY STAR programs, have set targets to control their energy use and GHG emissions, and have strong environmental programs. For example:

- **Baxter International** (graded 42) reduced its energy use and associated GHG emissions by 27 percent per unit of product value between 1996 and 2005 and set a new goal to reduce GHG emissions intensity by 20 percent between 2005 and 2010, indexed to sales.
- **Pfizer** (graded 50) aims to reduce its GHG emissions intensity by 35 percent between 2000 and 2007, relative to sales.
- **Johnson & Johnson** (graded 54) expects to achieve a 7 percent reduction in its absolute carbon dioxide emissions below 1990 levels by 2010, mainly through energy efficiency improvements.

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Companies Leading with Efficiency

Among respondents to the CDP5 survey, six of the 10 industry sectors represented in the S&P500 had participation rates of greater than 80 percent in formal energy efficiency programs. Topping the list was the consumer discretionary sector. This sector includes **GM**, which reduced its North American facility energy footprint by 26.6 percent from 1995 to 2004 and pledged to reduce CO₂ emissions by 21 percent by 2010, using a 2000 baseline.

Ford improved energy performance by 12 percent (normalized for production changes) between 2000 and 2004. Through 2006, Ford cut its total GHG emissions from these facilities by 10 percent, compared to its 1998-2001 baseline. Additionally, four Ford plants—in Chicago, IL; St. Paul, MN; Norfolk, VA; and Claycomo, MO—were among 17 U.S. manufacturing plants recognized by ENERGY STAR in September 2006 for superior energy efficiency.

Considerations for Investors

While the recent CDP5 survey results and analysis show that energy efficiency is playing a greater role in corporate GHG management strategies, investors will need to dig deeper in order to get a more robust picture of how well organized corporate energy management practices are performing. At the same time, companies should look to expand their reporting on energy management activities and program design. For investors interested in learning more about how to evaluate corporate energy programs, ENERGY STAR offers a variety of resources. An excellent starting point is the recently released “Energy Strategy for the Road Ahead” report (see related article).

With energy costs continuing to rise, energy efficiency seems destined to be on corporate America’s agenda, not just for environmental reasons, but for economic reasons as well. The CDP5 S&P500 report is available for download at www.cdproject.net.

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Stimulating New Investment

According to the Intergovernmental Panel on Climate Change (IPCC, 2005), commercial buildings account for more than 17 percent of global CO₂ emissions. In the United States, commercial and institutional buildings' energy use generates 18 percent of the nation's CO₂ emissions. Electricity consumption for lighting, heating, air conditioning, and operating appliances comprises about 78 percent of these emissions. Remaining emissions are from direct consumption of natural gas and petroleum products for heating and cooking needs.

Focus on Cities as Carbon Sources

Several new municipal climate initiatives are setting their sights squarely on office towers, apartments, and stores where people work, live, and shop every day. Recognition of the carbon footprint of buildings is contributing to new initiatives that promote financing for energy efficiency upgrades. Some of these initiatives are testing new approaches, while others are updating old strategies. Prominent among new municipal initiatives is **PlanNC2030**, announced by New York City Mayor Michael Bloomberg in December 2006, which seeks to reduce the Big Apple's carbon emissions by 30 percent by 2030.

Big Apple Shoots for 30 Percent Carbon Reduction by 2030.

To support this goal, the city plans to amend its charter to commit to spending the equivalent of 10 percent of its energy bill in the city's municipal buildings on energy efficiency improvements. This type of revolving fund can be a model for energy efficiency upgrades pursued by the corporate sector as well.

New York City's PlanNYC30 is also at the vanguard of a broader "**Climate Initiative**" announced last year by the William J. Clinton Foundation, whereby 40 major cities around the globe have committed to reducing their carbon footprints. As part of this initiative, the Clinton Foundation has secured \$5 billion in financing commitments from five global banks—**ABN Amro, CitiGroup, Deutsche Bank, JPMorgan Chase, and UBS**—to finance an Energy Efficiency Building Retrofit Program. This program will double the market in energy retrofits according to the foundation.

"By aggregating the projects and setting standards [the initiative] attracts banks that would otherwise not be interested," a communications official with the Clinton Foundation explained.

The initiative also seeks to stimulate the market for energy-efficient

technologies by increasing the potential customer base for producers of energy-efficient technologies. According to the Foundation, "Investors can extend more capital to makers of energy-efficient technologies knowing that there is a growing global market out there."

Sixteen of the largest cities globally will participate in the first round of the program, and they agreed to both improve municipal building efficiency and create incentives for private building owners to follow suit.

Speaking at the Carbon Disclosure Project launch on September 24, former President Bill Clinton highlighted a related initiative whereby the Foundation will set up a procurement alliance to obtain lower prices on energy-efficient products. The intent is to transform the low-volume, high-yield energy efficiency product market into a high-volume, low-yield model, or, as Clinton put it, from the jewelry store to the supermarket business model.

Is Market Stimulation Necessary?

According to "Curbing Global Energy Demand Growth: The Energy Productivity Opportunity," a May 2007 report from the McKinsey Global Institute, building energy demand increases as an economy expands its service sector industries. McKinsey reports that business's expanding floor space has driven up global energy demand in recent years. Under business-as-usual forecasts, the McKinsey report expects such expansion to continue to outstrip productivity improvements, resulting in steadily rising energy demand in the commercial sector.

Globally, the U.S. Energy Information Administration (EIA) expects energy demand to increase more than 50 percent by 2030. In the United States alone, the electricity demand will likely grow 40 percent by 2030. Satisfying this demand will require new generation capacity equivalent to 300 new 1000-megawatt power plants, a formidable challenge. It becomes even more challenging considering that this generation may need to operate in a carbon-constrained world.

Overcoming Hurdles

Tapping into energy efficiency is also a challenge within the building sector. In both the multi-family residential and the commercial sectors there are often split incentives for energy efficiency upgrades between the property owner and tenant, depending on how the lease is structured. For example, in "triple net leases" the majority of the costs and benefits of energy efficiency upgrades flow to the tenant, so there is little incentive for property owners to make upgrades. In a "full-service gross with expense stops" lease, there is more

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incentive for property owners to improve efficiency in order to offer more favorable lease terms and control incremental cost increases. Furthermore, in the absence of shared information about realized energy savings and real-time pricing of electricity to influence energy use patterns, the benefits of energy efficiency improvements may slip through the cracks between tenants and property owners.

“Significant Energy Savings Can Be Initially Found through ‘No-Cost’ or ‘Low-Cost’ Initiatives.”

Significant energy savings can initially be found through “no-cost” or “low-cost” initiatives funded by operating budgets, but large-scale retrofits require an outlay of capital. How to deal with this capital requirement varies greatly between public sector institutions and the private sector. The normal thinking is like with any capital investment, energy efficiency investments must have a suitable return and payback period. In addition, they must be more compelling than other investment opportunities. Capital projects that appeal directly to customers or address urgent maintenance needs are likely to take priority. In the case of capital-constrained organizations—including municipalities, hospitals, and schools—energy efficiency projects may fall off the “to do” list entirely.

This despite evidence that energy efficiency upgrades are generally low-risk. Early research conducted by the ENERGY STAR program finds that such investments are comparatively low-risk and high-return relative to investments in common securities including long-term government bonds and the S&P 500 Composite. The study reviewed 14 building upgrades and determined that the average project yielded a 10-year Internal Rate of Return of 20 percent, a 4-year simple payback period, and were relatively low-risk.

Performance Contracting to the Rescue?

Innovative financing methods can help overcome some of the investment hurdles. One financing mechanism known as performance contracting has long been used by cash-strapped government agencies in particular, to pay for upgrades or other investments that require large upfront outlays. This is the model adopted by the Clinton building retrofit program and several other recent initiatives. Typically, two or three entities may work with the building owner to carry out such projects. An energy service provider such as an Energy Service Company (ESCO) is available to provide technical expertise and identify what measures yield the most energy savings. The ESCO can also

guarantee the energy savings and the period in which they will accrue; its revenue from the project is tied to achieved energy savings.

The ESCO or another entity, such as a bank, can also provide the project funding so that the building owner is relieved of having to come up with the capital. The resulting energy savings pay for the project outlay. The contract stipulates the allocation of such shared savings between building owners and funding providers. Once the costs are covered, the building owner retains all future energy savings, unless the ESCO has entered an ongoing shared-savings agreement as part of a long-term performance contract.

Clever as these arrangements may be, “the devil is in the detail,” cautions Julio Rovi, a performance contracting expert with The Cadmus Group Inc., a consulting firm that specializes in addressing critical environmental and energy issues.

“In this business, educated consumers and educated ESCOs make the best partnerships,” Rovi said. “When building owners and ESCOs share a common understanding and consistent expectations, they build long-term relationships that go beyond the contract period. The problem is that performance contracts can include a number of permutations that energy consumers may not understand.

“For example, a contract may stipulate that a building owner will realize both energy savings and reduced labor and building maintenance costs because of the installation of newer, more reliable equipment. If maintenance personnel remain on the building owner’s payroll for other reasons; however, the advertised labor savings may not occur.”

One way to ensure building performance is by incorporating “before and after” scores from the EPA’s energy performance rating systems.

Consumers may also have unrealistic expectations. For example, they may request products and services not directly related to energy savings, such as new communications systems or a fresh coat of paint. Vendors may include these items to make the sale, and subsequent owners paying the contract signed years ago may not realize the energy savings.

Another important detail in performance contracting is the measurement and verification (M&V) of energy savings from the project. All performance contracts establish an M&V protocol for determining the energy performance of the upgrades. For building owners, expectations of performance usually extend beyond the project to the entire facility. Depending on how the M&V protocol is written, however, whole building performance may not be considered. One simple way some building owners have ensured that whole building performance is considered

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in the contract's M&V provisions is by incorporating "before and after scores" from the EPA's energy performance rating systems offered through the ENERGY STAR program. These ratings provide an objective third party measurement system that can help ensure that project upgrades achieve system efficiencies.

Some companies in the private sector avoid performance contracting altogether. Passage of the Sarbanes-Oxley Act in 2002 has made many boards of directors wary of such forms of off-balance sheet financing. Auditors, too, have become more vigilant in their review of these financing schemes, notes Patrick McGurn, a corporate governance expert with RiskMetrics Group. For other companies, it is simply cheaper and less burdensome to fund projects internally. Furthermore, during the past four years, the ESCO market has undergone significant consolidation.

For reasons such as these, the performance contracting market has not grown as rapidly as many thought possible. Research conducted by Lawrence Berkeley National Laboratory (LBNL) for the National Association of Energy Service Companies (NAESC) suggests that between 2001 and 2004, the ESCO and performance contracting market grew by only 3 percent annually as compared to the 20 percent annual growth rate in the '90's. Recent survey results, however, suggest that performance contracting activity may be starting to pick up.

In the McKinsey report, one ESCO noted that its institutional clients were less motivated by energy savings than by the ability to overcome capital constraints on equipment replacement and other facility upgrades. Overall, the McKinsey report found that nearly three-quarters of energy users in the commercial sector require a payback time of just 2 years or less for energy efficiency projects. Larger energy performance improvement investments can have longer payback periods, so they often find themselves at the bottom of the list for capital upgrades.

The Corporate Policy Approach

In more traditionally energy-intensive industries, some companies taking a longer-term view of energy expenditures find that it is prudent to establish new policies for investments in energy efficiency. In one of the larger commitments to improving energy efficiency by a company outside the utility sector, **Johnson & Johnson** decided in 2004 to allocate \$40 million of its own capital each year to energy efficiency projects across its global operations. In addition, the company reports in its 2006 Sustainability Report that its senior management is willing to accept lower rates of return and longer payback periods for investments that reduce GHG emissions than

would be acceptable for other types of capital expenditures. The company selects projects with both the best financial returns and the most GHG reductions. It found that some energy investments such as cogeneration are compelling, while others, such as installing on-site solar panels require government incentives to be sufficiently attractive. Other companies, such as **PepsiCo** and **Eli Lilly** are taking similar approaches by allowing longer paybacks for energy projects that meet strategic objectives.

A recent survey conducted by pharmaceutical company and ENERGY STAR partner **Merck & Co. Inc.** to benchmark corporate energy programs found that corporations express a wide range of acceptable payback periods, but projects with less than a 2-year payback period tend to get faster funding. The survey also found that the most effective programs have senior management support and access to centralized funding within the firm. This suggests that corporate policies and governance structures significantly affect investment in energy efficiency and CO₂ reduction.

Considerations for Investors

For investors with longer holds and universal ownership, recent climate initiatives coupled with established programs, such as ENERGY STAR, can create new momentum to increase efficiency and reduce energy related risks in both commercial real estate and other sectors. Investors should consider the following questions:

- What are your holdings' energy efficiency investment policy and budget?
- What kind of payback periods and return on investment do they require?
- How are investment hurdles for energy projects established?
- Under what conditions would longer paybacks on energy projects would be considered?

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5 Strategies for Corporate America

- Global demand for all energy sources is forecast to grow by 57 percent in the next 25 years with most of this growth in Asia.
- Electricity demand in the United States is expected to grow by 40 percent in the next 25 years.
- Nearly 300 1000-megawatt power plants will be necessary to satisfy this demand.
- About 50 percent of current U.S. electrical generation is from coal.
- About 85 percent of U.S. greenhouse gas (GHG) emissions are produced by energy-consuming activities using fossil fuels, such as coal.

How well prepared are companies to deal with these challenges and what steps should companies take now to prepare for the future? To answer this question, the EPA's ENERGY STAR program in collaboration with the Global Business Network (GBN) conducted a series of workshops with energy experts and senior corporate executives from companies such as Toyota, Merck & Co. Inc., Dow Chemical, PepsiCo, and HSBC to identify the strategies companies should pursue.

Drawing from the experience and insights of the corporate leaders and energy experts that participated in these workshops, five robust strategies that business executives and corporate boards should take to prepare for the future today emerged. These strategies, along with the scenarios that helped to facilitate the need for future energy planning are described in the recently released report—**Energy Strategy for the Road Ahead: Scenario Thinking for Business Executives and Corporate Boards**.

“The relationship between energy, the world’s economies and society is fundamentally changing,” says Peter Schwartz, Chairman of GBN and former strategist for Royal Dutch/Shell who facilitated the discussion that generated the report. “This report encourages U.S. business leaders to reevaluate their current operations to determine if their businesses can survive an uncertain and potentially disruptive energy future.”

Strategies for the Road Ahead

1. Master the fundamentals of energy efficiency.
2. Take both a longer and a broader view of investments and strategic decisions about energy.
3. Search out business transformation opportunities in the way the company manages, procures, and uses energy.
4. Prepare contingent strategies for emergent future scenarios.
5. Demonstrate executive action.

Companies Participating in the GBN-ENERGY STAR Workshops:

California Portland Cement	HSBC	PepsiCo / Frito-Lay
Cascade Engineering	Jones Lang LaSalle	PPG
CEMEX	Merck & Co.	Procter & Gamble
Dow Chemical	Mercury Marine	Shell NA
Eastman Chemical	Mittal Steel	Toyota NA
Genentech	National Starch & Chemical	UPS
General Motors	Owens Corning	

The report succinctly articulates a strategic framework and direction that any corporation can use to plan for the future. As Willie Deese, president of the manufacturing division for Merck & Co. Inc., noted, “It is essential that we plan for the future. The Energy Strategy for the Road Ahead report provides guidance to help companies prepare for future energy-related risks. Acting now just makes good business sense.”

Some companies are already acting. For example, 78 percent of recent CDP5 S&P 500 respondents stated that energy efficiency is now a key GHG management strategy. (See related article, “Efficiency Leads the Way.”) Some companies are taking a longer view of capital investments for energy efficiency (see related article, “Financing Carbon Savings”) while others, such as Wal-Mart, are taking a broader view of their energy value change by engaging their suppliers in carbon reporting (see sidebar on Supply Chain Initiative).

The report and additional information on the project can be found at www.energystar.gov/energystarstrategy. Hard copies are available upon request by contacting: offthecharts@energystar.gov.

Considerations for Investors

For investors and analysts, the energy strategy report provides both a reference point for evaluating corporate strategy as well as a tool for engaging holdings. For investors with longer investment horizons, consider sending copies of the report to encourage holdings to develop a strategic energy plan, if they are not already doing so. For all holdings, consider the following questions:

- What steps are being taken to evaluate energy and climate risks?
- What actions are being taken to mitigate energy and climate risks?
- What policies have been established to facilitate stronger energy management?
- Are energy and climate-rated goals reviewed at the board level?

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