

## EXECUTIVE POINT OF VIEW

### CLIMATE CHANGE

Bold action now will lead to a better future



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Faced with overwhelming scientific evidence, there is little doubt climate change is the greatest sustainability issue facing the world. Left unchecked, the lasting impact of carbon emissions and lack of water will pose serious threats to ecological, social and economic stability. The projected impact on companies is extensive, including increased commodity prices and disruption to business networks. But every crisis is also an opportunity, and the global community has options. Bold, coordinated, and immediate action can still prevent the most severe scenarios.

Responsible companies are already proactively setting their operations on the path to the low-carbon economy. They have a business approach to sustainability and are reducing emissions to gain long-term agility and competitive advantage. They understand the need to holistically manage economic, environmental, and societal risks and opportunities for increased short- and long-term profitability.

Other enterprises are taking more modest steps despite the risk of greater compliance costs and damage to brands and reputations in the long-term. Why? They seek more certainty and clarity from governing bodies on the standards and financial impact for CO<sub>2</sub> emissions regulations before taking action and making capital investments to lower CO<sub>2</sub> emissions.

The paralysis of some puts us all in danger of meeting the target of the Group of Eight (G8) goal to limit global warming to within 2 degrees centigrade.

### A Global Problem Requires a Global Solution

What is required? Visionary leadership and decisive action is needed to bring clarity to the issue and to develop a global agreement on emissions reduction driven by market-based solutions. The market solutions must offer a fair balance of burden, without negatively impacting either developed or developing economies. This action will unleash a new wave of innovation and productivity improvements, helping businesses gain competitive advantages and greater profitability as they tackle the challenge of climate change.

Governments must consider a full portfolio of instruments to accelerate emission reductions. Cap & trade will ensure solutions are found efficiently and at the lowest economic cost. Minimum energy efficiency standards will drive productivity improvements. Tax and other credit policies can encourage rapid innovation on required technology including sequestration, smart grids, and alternative energy.

Effective measurement, reporting and verification of emissions performance by business are critical at the company and country level. Government must provide certainty on basic issues such as boundary settings, calculation methods, and target setting. With appropriate measurement and reporting, we can focus abatement not only within the firm, but also look at opportunities to optimize along the whole value chain.

Only through the collaboration and cooperation of the public and private sectors, along with civil society, can we achieve a global solution that meets everyone's needs.



## SAP Commitment

What are we doing? We recognize the responsibility to improve our own internal efficiency and also the opportunity to help our 89,000 customers that emit 1/6th of man-made global emissions.

We have already set an aggressive carbon reduction target to achieve 2000 levels by 2020. It is about a 50 percent reduction from SAP's 2007 carbon emissions, and reflects our belief that, as a global company, we must demonstrate sustainability leadership. We are realizing our goal by harnessing technology such as telepresence and virtual events and by using our own software to gain insight and control over our emissions footprint. With transparency into our operations, we are able to publicly report achievement on our target and in doing so, increase accountability to our stakeholders.

We are also delivering solutions and services to enable the low-carbon economy and are innovating with industry leaders, NGOs, customers, and partners to create the solutions required to measure, reduce, and report emission. We will ensure that our customers are able to leverage regulatory mechanisms to increase their economic performance. These win-win scenarios accelerate a solution to the climate change issue.

SAP is facing the challenge head on and is setting the standard for environmental performance in our industry.

### Be Bold: Act Now!

The United Nations Climate Change Conference (COP15) meets in Copenhagen this December. This is our moment of opportunity. We support and encourage government leaders to go beyond framing a policy and make a deal at COP15.

This will ensure faster uptake amongst those already taking action and encourage businesses sitting on the sideline to start looking at the opportunity in their hands.

Bold action now will lead to a better future. Businesses, NGOs, and governments – in a unified manner – can both solve climate change and set the conditions for innovation creating enduring global prosperity.