

THE NEW BUSINESS-AS-USUAL

THIS YEAR SAW TWO IETA MEMBER COMPANIES, HYDRO (FORMERLY KNOWN AS NORSK HYDRO) AND ENGIE, NAMED AS INDUSTRY LEADERS IN ROBECOSAM'S CORPORATE SUSTAINABILITY ASSESSMENT (CSA) AND THE DOW JONES SUSTAINABILITY INDICES. PARTICIPANTS IN THE EU ETS SINCE 2005, THEY OUTLINE BELOW HOW EUROPE'S CARBON PRICE HAS CHANGED THEIR BUSINESS.

THE PHILOSOPHY driving decisions at ENGIE is that only companies which focus on sustainable growth will succeed. This is why ENGIE is moving away from coal – in the last three years, we have more than halved our coal-fired capacity. It is also why we have an internal carbon price, beyond the EU ETS price, to guide investment decisions, and why we are vocal advocates for carbon pricing globally.

This approach is changing the way we do our business. In France, we launched in 2016 the option for households to have exclusively “green electricity”, which has attracted over 1.3 million customers. We also created the Energy Gathering Impact Fund in 2011 to pioneer cleaner activities, such as energy efficiency, decentralised power generation, and clean cooking solutions in developing countries.

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We are looking along our entire value chain to reduce our impact on the environment. This includes issuing green bonds - €6.25 billion to date – and reducing emissions across the whole business. As a firm, we are committed to limiting the global average temperature increase to 2°C, so we need to look at our entire business

network to see where we can make impactful and meaningful changes.

Being recognised as an industry leader by RobecoSAM validates our decision and strategy of pursuing a sustainable business model, which marries economic performance with social and environmental responsibilities. While the EU ETS may be what pointed us towards this path, it is our duty as a responsible business to ensure we play our role in driving sustainable development.

Christine Fedigan
Head of CO2 Corporate Policy, ENGIE

HYDRO IS A GLOBAL aluminium company with 35,000 employees in 40 countries, engaged in the entire aluminium value chain, from raw materials and energy to primary aluminium, innovative products and solutions, and recycling. In Hydro, carbon pricing is based on evaluation of different global, regional and national frameworks, including future developments.

We estimate and analyse future carbon regulations and pricing annually. The analysis is used as input to all significant investment decisions. Carbon pricing is an integrated part of all energy price analysis and forecasts. We also perform scenario analyses on the CO2 effect with regards to price levels and regional regulation levels, which are used in the strategy and plan-

ning processes. Hydro conducts power price forecasts on an annual basis for several regions/markets in the world. Sensitivities with respect to the impact of the CO2 cost on power prices is analysed together with an evaluation of where and when such regimes might be introduced. Our European activities are already regulated by the EU ETS, and CO2 price forecasting is an integrated part of the power price forecasts and industrial investments.

70% of all our aluminium production is driven by hydropower

A significant share of our production is fuelled by hydropower and, where this is not possible, we seek the lowest carbon-intensive fuels possible. In total, 70% of all our aluminium production is driven by hydropower. Our aim is to achieve carbon neutrality by 2020.

In 2017, Hydro started a review of its climate-related risks, including physical, technological, commercial, legal and reputational risk. Hydro also became a signatory to the Task Force on Climate-Related Financial Disclosures (TCFD). The review of Hydro's climate-related risks will be finalised in 2018 and will also include scenario analysis.

Liv Rathe
Director, Hydro