

IBM Policy Lab

Bold Ideas for a Digital Society

IBM and Climate Change: Early Action, Sustained Results, and Support for a Price on Carbon

By Wayne Balta

Vice President, Corporate Environmental Affairs, IBM Corporation
Member, National Academy of Engineering

IBM has stated for more than a decade that climate change is a serious concern that warrants meaningful action on a global basis. Notwithstanding many important efforts, this remains the case today. The Earth's climate is warmer now than it was before the onset of the modern industrial era, and the increased temperature presents significant adverse risks which cannot be ignored. Greenhouse gases like carbon dioxide fuel this warming. According to scientists, the amount of carbon dioxide in the Earth's atmosphere is now greater than it has been for the last several hundred thousand years. Compounding this circumstance is the fact that carbon dioxide remains in the atmosphere for quite a long time after having been emitted.

Some may debate how this happened, but that doesn't change the need to address it. Although our collective use of fossil fuels for energy has enabled remarkable economic development, the use of fossil fuels has also resulted in substantial emissions of carbon dioxide, and the cost of these emissions has not been reflected in the price of energy. As a matter of policy, this should change.

IBM supports putting a price on carbon. Specifically, we are today endorsing the plan outlined by the Climate Leadership Council that would put a tax on carbon dioxide emissions, with the proceeds of that tax — a "carbon dividend" — to be returned to citizens. We are

convinced this represents the most realistic and appropriate opportunity to get a majority of people to agree on a public policy towards carbon emissions that is mindful of both the environment and the economy. This plan would place an economy-wide \$40/ton fee on carbon dioxide emissions, increasing by 5% above inflation every year, putting in place strong economic incentives for energy companies to reduce carbon emissions and for energy consumers to reduce their own energy consumption.

Today, 38% of the global electricity IBM consumes comes from renewable sources, and we aim to increase this to 55% by 2025.

IBM is no newcomer to the realm of climate change. In 2017, we reaffirmed our support for the 2015 Paris Agreement to limit global warming to below 2 degrees Celsius above pre-industrial levels. Our commitment to the Paris Agreement builds on a long history of leadership in this space. In 1992 IBM helped the U.S. Environmental Protection Agency launch the ENERGY STAR program. In 1994 we began to voluntarily disclose carbon dioxide emissions associated with IBM's consumption of energy and have done so annually now for 26

years. And in 2015, IBM was one of the first signatories to the American Business Act on Climate Pledge to demonstrate our support for the Paris Agreement.

Performance is a key measure of commitment. IBM has reduced the carbon dioxide emissions associated with its consumption of energy by 32% since 2005. We are on track to achieve our goal of a 40% reduction by 2025, a rate consistent with what scientists say is needed to limit warming to between 1.5 and 2.0 degrees Celsius. Energy conservation has been — and remains — a key ingredient for this. IBM continues to rigorously conserve energy equal to at least 3% of its annual consumption, something we have done for decades. Reducing consumption, when possible, is preferable to purchasing offsets.

Responsible companies should also make transparent commitments regarding their *consumption of renewable energy*. Today, 38% of the global electricity IBM consumes comes from renewable sources, and we aim to increase this to 55% by 2025. Importantly, IBM does not rely upon the purchase of unbundled Renewable Energy Certificates to offset its consumption of electricity from fossil fuels and thereby claim the company is a certain "percent renewable." Transparency matters in the transition away from carbon-based fuels, which is why our reporting about the use of renewables reflects our actual physical and matched consumption of renewable electricity.

Climate change is real, and that is why IBM supports a responsible plan to tax carbon emissions. It is also why IBM supports the Paris Agreement and is on track as a company to reduce emissions associated with our consumption of energy consistent with what scientists say is needed. And it is why we are making transparent our own use of renewable energy and aiming to increase that use substantially.

The enormity of the challenge requires more than business as usual. Putting a price on carbon emissions requires a plan in which economies will keep growing, but in a way that addresses the risks of a changing climate. We believe the Climate Leadership Council plan is the best way to secure agreement for action, and IBM will work to build support for it with elected officials, corporate colleagues, and our fellow citizens.

About IBM Policy Lab

The IBM Policy Lab is a new forum providing policymakers with a vision and actionable recommendations to harness the benefits of innovation while ensuring trust in a world being reshaped by data. As businesses and governments break new ground and deploy technologies that are positively transforming our world, we work collaboratively on public policies to meet the challenges of tomorrow.