

# An opportunity for Samsung Electronics

In November 2017 Samsung Electronics revealed in a statement it would announce a **renewable energy strategy by August 2018**. This is a huge opportunity for one of the biggest electronics manufacturers in the world to show climate leadership just months before the watershed **Intergovernmental Panel on Climate Change (IPCC) report** set to be released in Korea in October. Energy experts agree that we still have a small window of opportunity to meet the **critical target of limiting warming to 1.5 degrees** but only if we accept **shared responsibility and leadership**, not only from politicians but also from the business world.

Samsung Electronics has the possibility to set the tone in the lead-up to this meeting by presenting an ambitious and serious **commitment to 100% renewable energy** with a meaningful and impactful long-term strategy to procure renewables in its product lines and operations.

To make the announcement match the level of ambition called for by experts around the world for climate action, the company needs to set a clear 100% renewable energy goal and, more importantly, consider **the most effective way to procure renewable energy**, rather than simply buying Energy Attribute Certificates (EACs) such as Renewable Energy Credits (RECs) to offset its emissions. Purchasing unbundled RECs has been proven to be a false-solution discredited by many of the world's leading energy experts as it does not actually help to replace fossil fuels with renewable energy.

## What is Samsung's current energy footprint?

- Samsung consumed more than 16,000GWh electricity globally in 2016, which is equivalent to about 4 coal fired power plants a year.
- Its global electricity consumption is equivalent to more than the annual electricity consumption in the Dominican Republic in 2016.
- Samsung's Greenhouse Gas (GHG) emissions for its own operations (scope 1 & 2) have increased from 9,290,000 tons CO<sub>2</sub>e in 2014 to 13,416,000 tons CO<sub>2</sub>e in 2017 (Samsung 2017 Forecast), representing a compound annual growth (CAGR) rate of 9.77%. Assuming this same rate of growth continued, Samsung's GHG emissions would increase to 21,381,657 CO<sub>2</sub>e by 2022, nearly an additional increase of 60% from 2017 forecast levels.
- The company operates 38 production sites across the world from Europe to Africa. Most of its mobile devices and components are made in China, Vietnam, and Korea, which heavily rely on coal (China 65%, Vietnam 34%, Korea 40%).
- The company uses the majority of its electricity in Korea which made the company the second largest electricity consumer in Korea. It consumed more than 12,000GWh, 75% of its global electricity consumption, solely in Korea, which is equivalent to about three coal fired power plants.
- The company currently reports that only 1% of its electricity comes from renewable sources.

## What are the advantages of switching to renewable energy now?

- The increasing cost competitiveness of renewable energy, with long-term contracts increasingly at cost parity or even beating fossil fuels in many markets, while also providing long-term price security.
- Competitiveness among IT companies; positive link between brand identity and renewable energy, demonstrating action on climate change to increasingly aware and concerned employees and customers.
- Companies without a sufficient renewable energy goal or procurement plan will lose out to their competitors already taking action in this field. Many of the world's leading companies, like Apple and BMW are already implementing strategies to adopt renewable energy across their supply chains.

# What would an ambitious commitment to renewable energy look like?

## Our Demands

1. Goal: We are calling on Samsung to commit to 100% renewable energy publicly and set renewable energy targets as the first step.
2. Scope: The company should start with its own operations but expand it to include the whole supply chain.
3. Method: The company should choose the most impactful ways that would increase the amount of renewable energy in each region and weaken the demand for fossil fuels. Key procurement principles are as follows:
  - Local: Renewable energy supply is located on the same grid as the company's electricity demand.
  - Reducing dirty energy demand: Renewable energy credits (RECs) are bundled with underlying electricity, displacing demand for existing dirty electricity generation.
  - Additional: Renewable energy is new and "additional", going beyond what would have occurred with existing national or state policy targets or mandatory requirements for utilities to increase renewable energy production.
  - Renewables advocacy: The company advocates for change with energy utilities, regulators or elected officials, pushing for policies to increase the supply of renewable energy on the grid in locations where the company has operations and major suppliers.

## What are RECs?

- Renewable Energy Credits (RECs) - or their European equivalents, Guarantees of Origin (GoOs), and, more recently, international I-RECs - are property rights created when renewable energy is generated and represent the environmental attributes of the renewable energy.
- One REC ("renewable energy credit" or "renewable energy certificate") represents the generation of one megawatt-hour (MWh) of electricity from a renewable energy source. REC prices vary from state or country and depend on a variety of factors.
- RECs can be sold "bundled," or paired with electricity. Bundled RECs must be purchased locally, since the consumer needs to be able to buy the electricity from their local utility. Other RECs can be sold "unbundled," or separate from the renewable electricity they represent.

## Why have energy experts discredited 'unbundled' RECs as a solution?

- Today the purchasing of unbundled RECs does little to increase renewable energy supply or to reduce demand for fossil fuels, this is due to the current excessive surplus of RECs and their subsequent low price.
- Many companies with a strong commitment to 100% renewable energy have already shifted away from purchasing unbundled RECs because they have seen it has no impact on reducing the amount of fossil fuel-generated electricity from the grid..
- If a company like Samsung wants to promote renewable energy as a part of its climate action and make a meaningful long-term investment, it needs to choose more impactful mechanisms as outlined above.

## Example questions for Samsung Electronics

Does Samsung have a concrete plan or strategy to mitigate climate risks?

Does Samsung still plan to share its renewable energy strategy in August? What level of ambition will it contain?

Will Samsung join the ranks of companies acting on climate change by making a commitment to 100% renewable energy?

Will Samsung establish a high quality corporate renewable energy policy or guiding principles for renewable energy procurement?

Has Samsung considered the long-term reputational and financial benefits of a meaningful transition to renewable energy now?

How is Samsung preparing for partner companies' demands on increasing renewable energy procurement among its supply chain as a supplier for such companies?

What is the main obstacle for Samsung to NOT choose renewable energy in the regions where such procurement options already exist, like the US or EU?

What is Samsung currently doing in the regions where renewable energy procurement options does not exist, like Korea?