

# Rapid Climate Change Strategy for Business

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**Rapid Climate Change Strategy** is the overall approach by a business to adapt to the current climate change. Since the current change is scientifically linked to the use of fossil fuels, it is also the planning & implementation of a strategy for reducing energy costs.

A strategy comprises an integrated approach to dealing with the risks **and** opportunities of:

- Regulation and taxation
- Liability
- Changes in weather (physical risks)
- Supply chain risk
- Technological innovation
- Consumer and citizen attitudes and demands
- Carbon trading, sequestration & set asides

## Method for addressing a Rapid Climate Change Strategy

### Any business strategy must account for:

Direct CO2 emissions

And

Indirect or embedded CO2 emissions

Direct emissions are the CO2 that a business puts in the atmosphere via combustion in generating power, or in production processes.

Indirect or embedded emissions are the CO2 releases that are part of a business:

- Supply chain
- Transport
- Customer use
- Product disposal
- Operations

## Table: Plan Process & Elements

The following table lays out the steps and elements of a planning process.

The “sub-processes” are listed along the left side rows.

- Governance: Decision making and guiding the organization.
- Determining Carbon Foot Print/GHG Inventory: Determining the carbon intensity of the businesses' operations.
- Risks: Determination and analysis of risks to the business from rapid climate change.
- Opportunities: Determination of what opportunities may for the business from rapid climate change, or from its adaptation and mitigation actions.
- Plan Targets: The future benchmarks the business will work to achieve.
- Management: The actions and time lines for achieving the plan targets.
- Measurement & Reporting: Getting the data you need for the businesses' progress, and also for voluntary and future regulatory reporting.

Along the top columns are two broad phases, and “considerations”.

- Initial Steps: Situational analysis, study, and determining necessary outputs.
- Plan Elements: The “outline” for the businesses’ plan, to fleshed out in the plan.

Remember, in the business context, climate change mitigation can be part of climate change adaptation, if the customer wants it or if it would give rise to new product or service opportunities.

<b>Process</b>	<b><u>Initial Steps</u></b>	<b><u>Plan Elements</u></b>	<b><u>Considerations</u></b>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Who is responsible within the company?</li> <li>• The board or committee with overall responsibility for climate matters?</li> <li>• Who is responsible in each department or division?</li> <li>• Include climate strategy in management and employee training.</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible parties</li> </ul>	<ul style="list-style-type: none"> <li>• Initiate change before the threats are too severe.</li> <li>• Is there a business case for the change, i.e. is justified in terms of costs and benefits?</li> <li>• Incentives/Bonus structure as related to climate matters?</li> </ul>
<b>Determining Your Carbon Foot Print (GHG Inventory)</b>	<p>Pick a baseline year. Quantify your “Carbon Footprint”. Measure, benchmark and inventory. Use carbon accounting tools.</p>	<ul style="list-style-type: none"> <li>• Baseline year</li> <li>• Inventory method</li> <li>• Inventory results</li> <li>• Estimation of emissions</li> <li>• Calculation method</li> </ul>	<p>The tool called Life Cycle Assessment aka Life Cycle can be used to figure product/service embedded emissions.</p>
<b>Risks</b>	<p>Regulation and taxation Liability</p> <p>Changes in weather (physical risks) Technological innovation Consumer and citizen attitudes and demands Carbon trading, sequestration &amp; set asides</p>	<ul style="list-style-type: none"> <li>• Tax effects</li> <li>• Regulatory effects</li> <li>• Physical risk (self, suppliers, customers)</li> <li>• Technological competitiveness</li> <li>• Customer attitudes and demands</li> <li>• Carbon credit needs</li> <li>• Sequestration and offset needs</li> </ul>	<p>How can risks for customers be used for new products or services?</p>
<b>Opportunities</b>	<p>Regulation and taxation Liability</p> <p>Changes in weather (physical risks) Technological innovation Consumer and citizen attitudes and demands</p>	<ul style="list-style-type: none"> <li>• Tax effects</li> <li>• Regulatory effects</li> <li>• Physical</li> <li>• New technology applications</li> <li>• Customer attitudes and demands</li> <li>• Carbon Market Income Opportunities</li> <li>• New products/services</li> <li>• Patents/intellectual</li> </ul>	<p>As your knowledge about climate change increases, leverage it to develop new products and services.</p> <p>Build internal knowledge, skill and capacity within your company, instead of outside of it.</p> <p>Focus on the needs of key</p>

	Carbon trading, sequestration & set asides	property	customers. Pay attention to “green” early adopters [lead customers]
<b>Plan Targets</b>		<ul style="list-style-type: none"> <li>Your GHG reduction targets</li> <li>Relationship between cost of future emissions and capital planning</li> <li>Estimation of income from carbon market activities</li> </ul>	As your process matures, you may begin to add targets such as new revenue streams, product/service roll-outs, etc.
<b>Management</b>	<p>Linking production or process to emissions direct and/or indirect/embedded</p> <p>Cost of energy consumption</p> <p>Energy efficiency activities</p> <p>Renewable energy options</p>	<ul style="list-style-type: none"> <li>Energy cost</li> <li>Renewables</li> <li>Amount in fossil fuels</li> <li>Amount in electric</li> <li>Investments made</li> <li>Investments required</li> <li>Savings achieved</li> <li>Estimated future savings</li> </ul> <p><u>Action plan with time table</u></p>	<p>Allow sufficient time, resources for change, especially in regard to core or essential areas.</p> <p>After you deal with your own facility(s) and processes it is important to then start figuring in supply chain, product/service use, disposal.</p> <p>Figure out how to transition from carbon intensive products and services that heavily contribute to your profits</p> <p>Buy stock, supplies, parts, and feedstock as much as you can locally.</p>
<b>Measurement &amp; Reporting</b>	Development of evaluation criteria and methods.	<ul style="list-style-type: none"> <li>Who Reviews Progress?</li> <li>Review method(s)</li> </ul>	What is measured is managed. External verification or auditing?

**Resources:**

Carbon Disclosure Project <https://www.cdproject.net/en-US/Pages/HomePage.aspx>

Greenhouse Gas Protocol <http://www.ghgprotocol.org/>

Life Cycle Analysis/Assessment

This writing was developed from a variety of materials, including my own developed for teaching, and from the UW School of Engineering January 2008 course “Developing A Climate Change Strategy for Businesses & Public Institutions.

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