

# 2018 PNW Resilience Summit

## Climate Resiliency: How Business Lead the Way Through Preparation

Kevin Wilhelm, CEO  
Sustainable Business Consulting  
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# Agenda

**15 mins** Overview

**15 mins** Breakout – Resiliency Planning

**20 mins** Report Out / Final Comments

# How Resiliency is typically talked about



# Social Justice

**Black Lives Matter**



**Immigration Wars**



**LGBTQ Rights**



**Women's March**



# What is Business Resilience?

The ability of an organization to quickly adapt to disruptions...

- Physical
- Financial
- Brand
- Social/Environmental

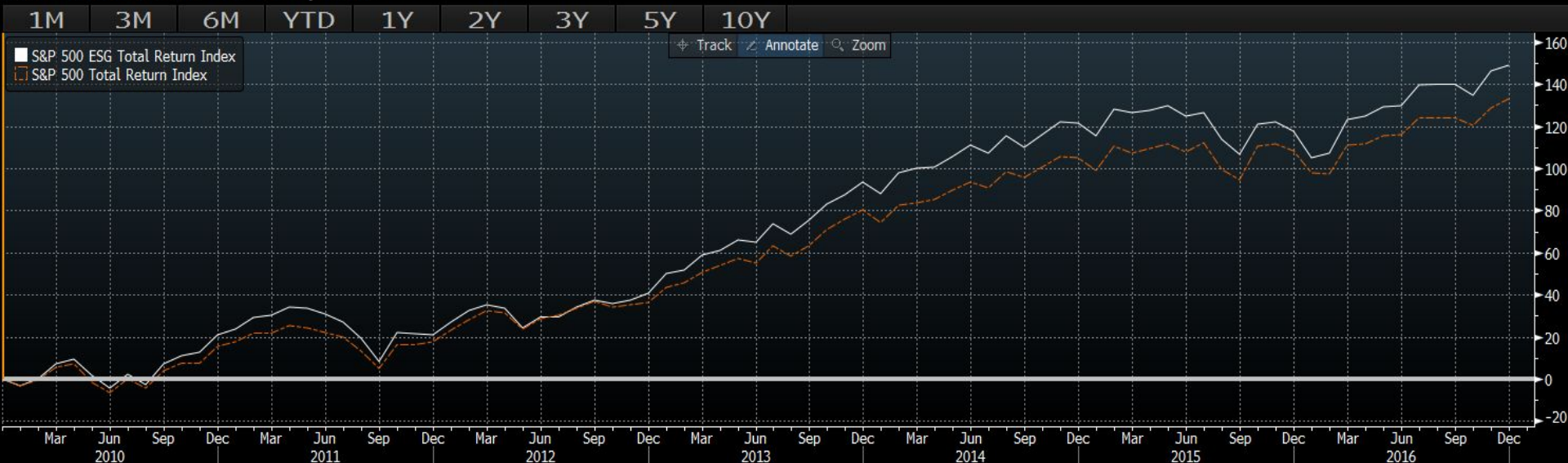
While protecting the organization's people, value and reputation.



# Comparing Index Performances: Sustainability vs. Conventional

SPXESGUT Index		97) Settings		Page 1/7 Comparative Returns			
Range	12/31/2009	-	12/30/2016	Period	Monthly <th>No. of Period</th> <td>84 Month(s) </td>	No. of Period	84 Month(s)
Security	Currency	Price Change	Total Return	Difference	Annual Eq		
1) SPXESGUT Index	USD	148.88%	148.88% *	16.03%	13.91%		
2) SPXT Index	USD	132.85%	132.85% *		12.83%		
3)							

\*No Dividends or Coupons



**SPXESGUT Index** = S&P 500 ESG Total Return Index

**SPXT Index** = S&P 500 Total Return Index

Source: Bloomberg

# Investor Pressure



Institutional investors are pushing companies to address climate change in their business strategies

Climate Risk must now be disclosed in SEC Filings

40% of shareholder resolutions filed last year dealt with climate change and environment

[triplepundit.com](http://triplepundit.com), [cdp.net](http://cdp.net)

**6,500+** largest companies to provide info

Including the world's **827** institutional investors

Information seekers represent **\$100 trillion** in assets...

100 governments disclose CDP, representing 450 million people, and US \$13 trillion in GDP.

# Insurance Companies are Taking Notice

## US Selected Significant Climate Anomalies and Events



AK had its 2<sup>nd</sup> warmest winter, warmest spring, 2<sup>nd</sup> warmest summer and a warmer-than-average fall, culminating in its warmest year on record.



The CONUS had its 2<sup>nd</sup> warmest year on record. Every state was warmer than average. Precipitation was above average for the year.



Based on data that go back to 2000, the 65,575 fires in 2016 were the sixth fewest on record and burned more than 5.4 million acres, seventh fewest.



Persistent storm tracks led to the wettest year on record for the Upper Midwest. It was the 2<sup>nd</sup> wettest year on record for MN and WI.



Drought was persistent in the Northeast during the summer and fall. At its peak in November, it covered 56% of the region.



In January, a powerful winter storm set new snowfall records in several cities in the Mid-Atlantic and was the 4<sup>th</sup> most intense storm based on the NESIS scale.



Above-normal annual precipitation in the West contributed to the regional drought footprint being reduced from 45% at the beginning of the year to 22% at the end.



During the fall, several locations had no precipitation for 50 or more days, leading to extreme and exceptional drought which covered 36% of the Southeast at its peak.



Separate heavy rain events in the spring and summer caused catastrophic and historic flooding in LA, TX and WV.



Hurricane Matthew was the first Atlantic Category 5 hurricane since Felix in 2007. It made landfall in October as a Category 1 hurricane near Myrtle Beach, SC and caused widespread coastal and inland flooding in the Carolinas.



Darby became the 2<sup>nd</sup> tropical cyclone in 3 years to make landfall in HI—only the fifth landfalling cyclone since records began in 1949.



# Top 5 Physical Global Threats

## Industries Most Affected



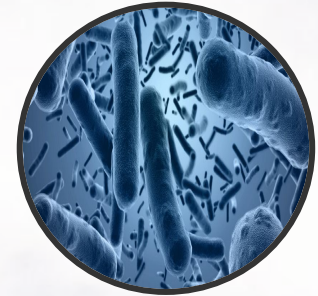
### Fossil Fuel Dependent

Automotive, Utilities,  
Manufacturing,  
Plastics



### Extreme Weather

Insurance, Government,  
Distribution



### Non Communicable Disease

Healthcare, Pharmaceuticals,  
Home Care,  
Retailers



### Lack of Fresh Water

Agriculture, Clothes  
Manufacturers,  
Restaurants



### Unstable Urbanization

Real Estate, Construction,  
Municipalities,  
Transportation



## Office Practices

- Installed six high-speed scanners to scan every correspondence coming in to the office
- Web based storage allowed to them to convert storage rooms into office space.
- Saved paper, time (filing, copying, shredding), and opened up floor space on each of its three floors.
- Net Savings over \$1,000,000

**United  
Airlines**



# How to Assess the Financial Threats to Your Organization



## Environmental

- ✓ Impacts on **commodity prices**: water, energy, waste
- ✓ **Regulations**, carbon taxes, cap & trade costs
- ✓ Cost of doing business may increase due to **extreme weather**; increase in insurance premiums
- ✓ May need **redundancy** in business operations

# How to Assess the Brand Threats to your Organization

## Social

- ✓ Social inaction or **workplace conditions linger** in people's minds
- ✓ Social movements can lead to **boycotting** products or services
- ✓ Divestment movements can **attack shareholder value**
- ✓ The impacts of **social media**
- ✓ CSR reports can allude to **workplace/human rights/community progress**



# Identifying Risks and Opportunities

<b>Risks</b>			
<b>Opportunities</b>			
	<b>Financial</b>	<b>Physical</b>	<b>Social Justice/Enviro</b>

# THANK YOU!

**Kevin Wilhelm**

**Sustainable Business Consulting**

**@KevinWilhelmSBC**

**Kevin@sustainablebizconsulting.com**

**@SBC\_Consulting**

