

The Bottom Line On Global Climate Change

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Multiple Choice: Global Climate Change is:

- A) A legitimate near-term threat to the world economy as well as the lives and lifestyles of millions of people.
- B) A political football being used by liberals and conservatives alike to further their agendas.
- C) A \$3 Trillion global market with strategic implications and huge profit potential for a wide spectrum of businesses.
- D) All of the above.

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Global Climate Change: It's our problem, not our great grandchildren's

- “Great natural disasters have increased since the 1950’s from an average of only two a year to a current level of seven a year.”

--Munich Reinsurance

- “Climate disruptions (due to global warming) can be linked to an additional 150,000 deaths and 5 million illnesses each year.”

--World Health Organization

- “...it would appear that we may be understating the breadth of biological responses to changes in climate”

--Dr. Paul Epstein in New England Journal of Medicine



The debate is over.

- Skeptics and deniers wail, but when Big Oil companies recognize the science, the focus of discussion will change from debate to the search for solutions:
- John Hofmeister, President of the Shell Oil Company recently stated that as far as his company was concerned, the debate over the science of global climate change is over.

“It’s a waste of time to debate it. Policymakers have a responsibility to address it. The nation needs a public policy. We’ll adjust.”

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More to consider

- February 2007: Intergovernmental Panel on Climate Change (IPCC) issued the clearest and most adamant statements regarding the connection between mankind's role in global warming.

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The World Wakes Up To Climate Change

- Kyoto Protocol put the issue of Carbon emissions on the world stage
- Drastic legislative measures would sabotage the economy
- Kyoto Protocol created a \$3 Trillion market for carbon credits

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What is a Carbon Credit?

- Represents and monetizes the removal of one tonne of CO₂ from the environment.
- It's what structures the opportunities
 - Waste to energy
 - Alternative fuels
 - Renewable energy
 - Solar power
 - Wind farms
 - Carbon sequestration



Corporate America Responding

- Many companies are taking eco-friendly postures with significant business improvements as the expected outcome.
- The SEC is now requiring environmental risk assessment as a factor for consideration in IPO's.
- Ford, BP, GE, Wal-Mart
- DuPont projects an additional \$2B revenue stream in new eco-friendly businesses and an added 15% added to the bottom-line from eco-friendly process/operations improvements by 2015.

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Exponential Growth In Market-based solutions

- Chicago Climate Exchange established 2003
 - Traded 1.5 M tons in 2005
 - Traded 11 M tons in 2006
- CarbonFund.org established 2004
 - 2006 through Q3 growth 10 times FY 2005
- TerraPass established 2004
 - Total membership through 2005: 3,000
 - 16,000+ New memberships 2006
 - 2007 YTD memberships: 50,000

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For businesses, two options exist

- Make being part of the solution a competitive advantage and profit opportunity.
- Wait for these changes in government regulation, the marketplace and the competitive environment to force them into a game of “catch up.”

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Benefit Spectrum

- Micro
 - Savings on operations
 - New revenue streams
 - Diversification
- Macro
 - Reduced American dependence on domestic and foreign fossil fuels
 - Increased productivity of traditional sectors

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Past



- Traditional “Products”
- Weather Dependent
- Limited Markets

Present

Opportunity:

Aggregator estimates value of carbon credits, takes 80% to finance waste-to-energy project.



Farm Example:

- Chooses waste-to-energy transition
- “Pays” in carbon credits
- Gains good PR
- Freedom from weather ups/downs

Future Potential:

- Cleans up existing pollutions problem (smell)
- Diminishes dependence on foreign/fossil fuels
- Technologies create new opportunities

New Products/Opportunities:

- Energy
 - Own use
 - Excess for sale
- Carbon credits (20% hold)
- By-products, expanded markets:
 - Bio-solids (mulch)
 - Fertilizer
 - Bedding
- Technologies pending
 - Building materials
 - Playing fields
 - Other
- Plus all traditional products and bottom line savings

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Regulations Perspectives

“How well businesses can do in this new environment depends to a large degree on the nature and extent of regulations.”

- Today = voluntary compliance and market volatility
- Tomorrow = ? Depending on regulation from these perspectives
 - Politicians (100 pieces of legislation)
 - EPA
 - DOE
 - USDA
 - Business

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Business Welcomes Regulations If...

- Levels the playing field
- Provides supports for innovation
- Reflects current reality and shapes future opportunity

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So...A Rational Approach To Regulation

- First, “Do no harm”
- Balance enthusiasm with intelligence
- Consider ripple effects
- Look to the future while learning from past
 - Existing markets

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Thank You

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