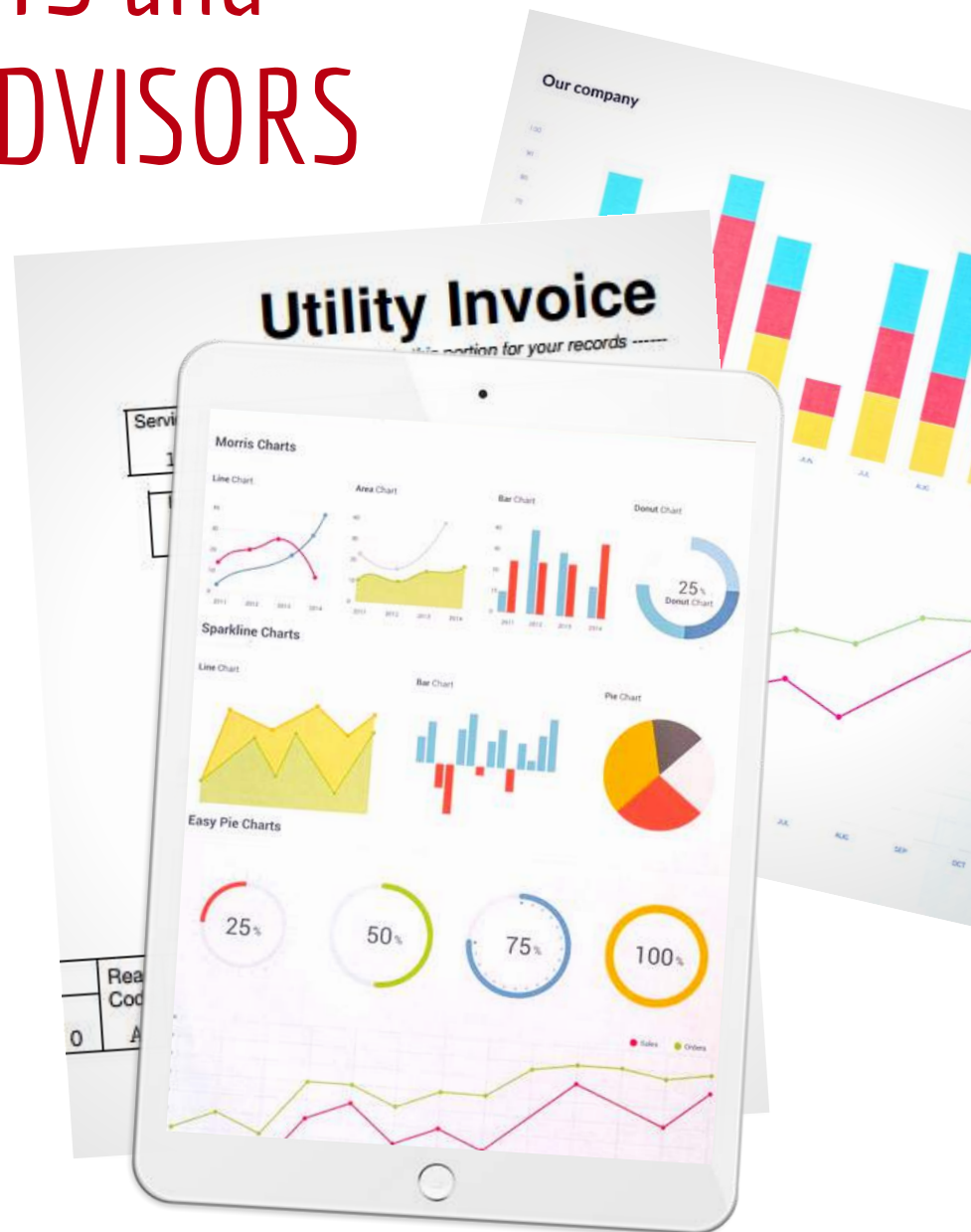


Reducing Climate Change Risk and Costs

THE ROLE OF ACCOUNTANTS and BUSINESS ADVISORS





The forces driving the public efforts to mitigate climate change are planet-wide and gathering steam.

Accounting and financial professionals must help companies audit and manage these risks, costs and emerging opportunities.

Political jurisdictions are increasingly focusing on greenhouse gas emission (GHG) reduction targets, taxes, penalties, incentives, and regulations.

Manufacturers consistently confirm that energy costs are second only to labour, yet they describe managing energy as a “black box”- with little strategy to manage energy or understanding of energy markets, and scattered responsibility throughout the organization.

A large automotive company confirmed that the cost of energy was paramount in their paint plant capital expenditure decision because the estimated life cycle on this extremely expensive outlay was 30 years. A group of automotive suppliers confirmed that CO2 reduction is their energy KPI.

An energy audit and comprehensive energy management plan for companies will reduce climate change-related risks, helping companies benefit through lower costs, added business, cheaper and stable energy sourcing, and regulatory compliance.



STUDIES FROM THE FINANCIAL SECTOR

Recent studies support the importance of energy-management strategies for companies confronting the effects of a changing climate, as they adapt to the demands of carbon-emission reduction.

Among them is a 2015 review initiated by Mark Carney, Chair of the Financial Stability Board (FSB) and Governor of the Bank of England. As part of this review, Michael Bloomberg headed up an international review of climate-related risks in the corporate and financial sector.

Published in June 2017, the Task Force on Climate-related Financial Disclosures (TCFD) recognizes companies are swamped by climate-related issues. The transition to a lower-carbon economy ropes-in challenges which include legal matters, technology, marketing, and corporate reputation.¹



¹ Task Force on Climate-related Financial Disclosures (TCFD), June 2017:
<https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf>

6

IMPORTANT BENEFITS OF REASSESSING ENERGY-SOURCING OPPORTUNITIES

According to the TCFD Report



1
**REDUCED
OPERATIONAL
COSTS**



2
**LESS EXPOSURE
TO FOSSIL-FUEL
PRICE HIKES**



3
**REDUCED EXPOSURE
TO GHG EMISSIONS
AND LESS SENSITIVITY
TO CHANGES IN THE
COST OF CARBON
ENERGY**



4
**BETTER RETURN ON
INVESTMENT BY
USING LOW-
CARBON EMISSION
TECHNOLOGY**



5
**MORE CAPITAL
INFLUX BECAUSE
INVESTORS FAVOUR
LOWER-EMISSION
PRODUCERS**



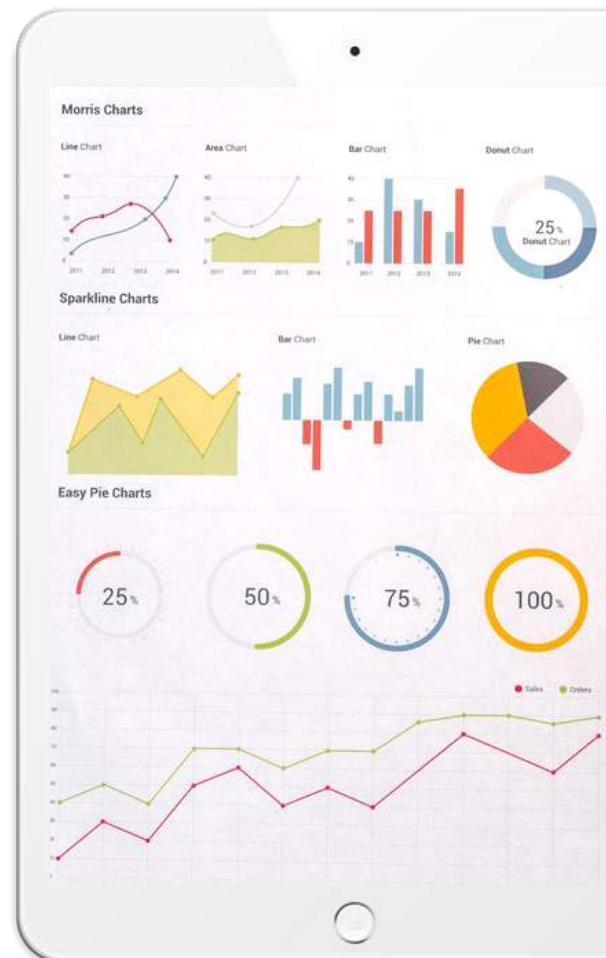
6
**BENEFITS TO THE
COMPANY'S
REPUTATION, BRAND
AND GOODWILL**



Also in 2017, the Chartered Professional Accountants of Canada (CPAC) published **State of Play: Study of Climate-Related Disclosures by Canadian Public Companies**, examining climate-related disclosures made by Canadian public companies in securities filings.²

It noted disclosures in securities filings must comply with regulations. However, the study also acknowledges opportunities for CPAs and other stakeholders to talk about new opportunities. These include: strategies to thrive in a low-carbon economy; evaluating the suitability of continuous-disclosure requirements, while considering changing needs of the capital market; being more effective in advising companies about climate change implications; and more guidance from accountants to support enhanced disclosures about climate change.

For financial professionals, adopting a comprehensive energy management strategy can have other benefits for clients. For instance, many financial institutions require organizations to demonstrate environmental compliance before loan applications are approved, and more and more shareholders are considering a company's energy and environmental reputation before investing. As well, meeting high GHG reduction standards is becoming increasingly demanded throughout the supply chain of large customers. And in Ontario, cap-and-trade regulations provide new revenue opportunities in surpassing mandated greenhouse gas reductions by selling excess carbon-credits.



2 The Chartered Professional Accountants of Canada, 2017, State of Play: Study of Climate-Related Disclosures by Canadian Public Companies: <https://www.cpacanada.ca/en/business-and-accounting-resources/financial-and-non-financial-reporting/sustainability-environmental-and-social-reporting/publications/climate-related-disclosure-study>

Here are 7 questions to determine if your company's Energy and GHG management programs are fully optimized:

1. Does your organization have a GHG reduction strategy that it is following?
2. Has your organization developed and executed an energy cost and consumption reduction strategy?
3. Does your organization understand new and evolving government-reporting regulations and tax implications?
4. If your organization has an energy manager, do they have responsibility to reduce energy costs and consumption across the organization or are they compartmentalized in Operations at a middle management position with little support?
5. Has your organization done any employee training to manage energy costs?
6. Do you factor in future energy-market conditions into decisions about buying energy-related infrastructure?
7. Do you know the risks and costs power interruptions could have on production and is there a plan to mitigate those risks??

If the answer to any of these questions is 'no' then you may want to advise your clients to work with a GHG and Energy Management specialist to see how they can optimize their energy and GHG reduction performance.



A STRATEGIC ALLIANCE WITH 360 ENERGY

360 Energy Inc. based in Ontario, brings together all the elements of energy and GHG management to achieve excellence, and help an organization integrate them to maximize results.

Services include:



Sustainable Energy Solutions



Energy Procurement



Strategic Energy Training and Coaching



Energy Reporting



Energy Audits and Certifications
(ISO 50001, Energy Star, SEP,
Certification of Energy Excellence)



360 Energy Inc. has helped organizations achieve up to 25% energy cost savings by embedding energy management in organizational cultures, ensuring savings and cost-avoidance are measured and maintained.

“By investing in 360 Energy’s Scope of Services, our customers have earned an average return of 300% (3 times your investment)”

DAVID ARKELL
360 Energy Inc.
President and CEO





SPOTLIGHTING
360 ENERGY
SUCCESS STORIES



A multi-site Industrial

360 Energy provides supply management, corporate and site energy training and implementation, that has **resulted in a \$3 million in cost reduction to date**. Over the first year, one facility reduced annual energy costs by 9% and **GHG reductions of 7%**.



Public Sector Transportation

360 Energy performed corporate and site energy training and management. **Sustainability is now a business pillar of the organization.** 360 Energy worked with corporate-wide teams, the executive and Board of Directors in organization-wide oversight.



Heavy Industry

360 Energy provides site-wide energy training and management support, as well as providing ISO 50001 preparation and the independent certification of energy plans, goals and measurable results. The comprehensive program has kept the facility competitive internally and **has allowed it to continue manufacturing in Canada, with \$70 million in energy savings over 10 years.**



Greenhouse Industry Operators

- 1) 360 Energy provided rate-optimization and global-adjustment planning and participation, with a **corresponding 33% reduction in costs and more than \$1.5 million in annual savings;**
- 2) **360 Energy's Cap and Trade** enrolment and participation management for another greenhouse resulted in **> \$250,000 cost avoidance;** and
- 3) 360 Energy's energy market education and procurement participation resulted in **\$650,000 cost savings** in 4 years for yet another greenhouse operator.

GET INSPIRED WITH MORE SUCCESS STORIES FROM OUR CUSTOMERS MANAGING ENERGY

360 Energy: Howard Huy Greenhouses Takes Control of Its Energy Costs



The last figures I got for the current year was about \$1.6 million that we saved on global adjustment by being part of this program. So the savings are to say the least significant.

▶ 2:19 / 3:35

This video player shows a man in a dark shirt speaking in front of a greenhouse. A large white play button is centered over the video. The title and subtitle are visible at the top and bottom of the player respectively.

360 Energy: Metrolinx Scores a Goal in Managing Energy Costs



▶ 1:24 / 4:45

This video player shows two men in white shirts looking at a laptop in an industrial setting. A large white play button is centered over the video. The title and progress bar are visible at the top and bottom of the player respectively.

▶ 3:04 / 3:37

Through 360 Energy and the Certification of Energy Excellence, we've brought together and actually expanded the team to have representation from finance, HR, our process, quality, right from our quarry operation through to our maintenance groups.

This video player shows a man in a plaid shirt speaking in an office setting. A large white play button is centered over the video. The subtitle is visible at the bottom of the player.

CONTACT



(877) 431-0332



1480 Sandhill Drive, Unit 8B
Ancaster, Ontario L9G 4V5



www.360energy.net