

Introduction

Rather than an environmental charity putting the case for how our changing climate will impact businesses it might be more apposite for your colleagues in the business world to share their views: *"Investors want to know how exposed a business is to climate change. The physical risks to Tesco are clear, but could be far-reaching. Freak weather in the past few months has disrupted our supply lines in Hungary, Bangladesh and Korea. Any responsible board of directors should be planning ahead, thinking through these risks, and presenting them in a clear, transparent way"* - Sir Terry Leahy, CEO, Tesco (2007). *"Climate change is a key driver for us so reducing energy, packaging and waste are big priorities for our business"* - J Sainsbury plc (Corporate Responsibility Report 2007). *"Companies that understand their links with the communities they operate in, and their impact on the environment, are most likely to prosper in the long-term"* - Sir Digby Jones, Director General of the CBI (January 2006). *"Sustainability underpins future profits"* - Sir Neville Simms, CEO, Carillion. *"We have a basic notion that unless we find a solution for environmental problems, we will not achieve sustainable growth in the coming years"* - Hiroyuki Watanabe, Managing Director, Toyota, 2001. *"Companies not interested in sustainable development issues will not survive long"* - Malcolm Brinded, Chairman of Shell UK, 1999.

And finally, but by no means least: Sir Nicholas Stern, the distinguished development economist, former chief economist at the World Bank and author of **The Stern Review on the Economics of Climate Change**, said *"our actions over the coming few decades could create risks of major disruption to economic and social activity, later in this century and in the next, on a scale similar to those associated with the great wars and the economic depression of the first half of the 20th Century"*.

Where We are Now

According to a report published by The Carbon Trust that examines the attitudes of UK business leaders towards CO2 emissions, more than a quarter (26%) of all UK businesses and 43% of large businesses have been affected by climate change. Almost the same number (27%) of UK businesses now see climate change as a business opportunity, with that number rising to 60% for FTSEs. Only 1% of all UK businesses know their carbon footprint – please see Vision 21's business information sheet on 'Carbon Footprint' for advice on where to get started on calculating yours.

Our Varied Economy is Vulnerable to Climate Change Impacts

Increasing temperatures will affect the comfort of your employees and customers and may impact product storage. A changing climate may affect demand for your product or service. Businesses who are currently affected by weather events will be increasingly affected by our changing climate; agriculture, construction, transportation and outdoor events are examples that readily come to mind. Equally businesses whose trade is directly related to the weather, for example the retail trade, will see a connection, as weather affects customer behaviour. Businesses that have global markets will probably be affected by climate change in those countries. As will those whose operations overseas are affected by resource variabilities, eg. water and energy. All of the above will result in unexpected costs unless you plan now.

Too Close to Home

The Pitt Review into the devastating floods that affected Cheltenham and the county in 2007 warned: 'Events of last summer also demonstrated the vulnerability of infrastructure

and the dependency of our society on the essential services they provide. The loss of Mythe left 350,000 people without drinking water, while the potential loss of power in Sheffield would have seen 750,000 people without electricity.' In Gloucestershire, those potentially without electricity could have been the populations of Cheltenham, Gloucester and Tewkesbury. Local businesses will know only too well the cost to them of the floods and the amount of trade and product that was lost, not to mention damage to buildings and vehicles. The cost to the insurance industry of June's and July's floods (which predominately affected Gloucestershire) was £3.3 billion (nearly twice the average annual weather-related claims). 8,500 businesses were affected by the floods and economists estimate that a further £3.2 billion was lost in terms of productivity in missed working days and tourism.

Climate Change Increases the Intensity of Our Weather-Related Events

Whilst it is difficult to link single events with climate change Baroness Young, the head of the Environment Agency, inferred as much with last year's floods. It is possible that our Victorian drains struggled to cope and it is clear that Suburban Urban Drainage Systems (SUDS) are not helped by the amount of land that is paved and tarmaced over and this played its part in 2007. However, global warming is intensifying the hydrological cycle. Average annual rainfall globally, increased by up to 10% during the 20th Century, because warming has increased evaporation. In the UK twice as much winter rain is falling in intense downpours as in the 1960s. In the summer of 2007 a report in New Scientist showed that the pattern of rainfall around the world is being changed by greenhouse gas emissions and that this can intensify summer as well as winter rainfall in the Northern hemisphere.

Adaptation to Climate Change is about Planning

This data sheet does not look at ways that commerce adds to greenhouse gases and does not look at climate change mitigation. It is intended to introduce the detailed subject of accepting and recognising, the potential present and future impacts of climate change (which will increase as there is a 30-40 year lag in the effect of CO₂ on our climate). Businesses must learn to adapt and plan for the potential impacts. Areas that you should review would include: logistics (e.g. vulnerability of supply chain), finance (e.g. implications for investors), markets (e.g. changing demands), process, people (e.g. workforce, customers) and premises (buildings may need altering).

Help is at Hand

The adaptation model described above is called the Business Areas Climate Impacts Assessment Tool (BACLIAT) and provides a simple checklist to review how prepared your organisation is for climate change impacts. The tool has been developed by the UK Climate Impacts Programme (UKCIP), which is funded by Defra, www.ukcip.org.uk/. A detailed report on UKCIP's work in this area is covered in: <http://tinyurl.com/6qcwba>. For specific information to help SMEs on BACLIAT see, <http://tinyurl.com/6ozkp4> and more general information on adaptation at: <http://tinyurl.com/6y3mxy>

Further Information

From the Tyndall Centre – 'Learning to Adapt: Organisational adaptation to climate change impacts', http://www.tyndall.ac.uk/publications/working_papers/wp47.pdf
South West Climate Change Impacts Partnership, <http://tinyurl.com/5ujdhd>
Climate Change and its effects on small businesses in the UK, <http://tinyurl.com/5wtpzk>