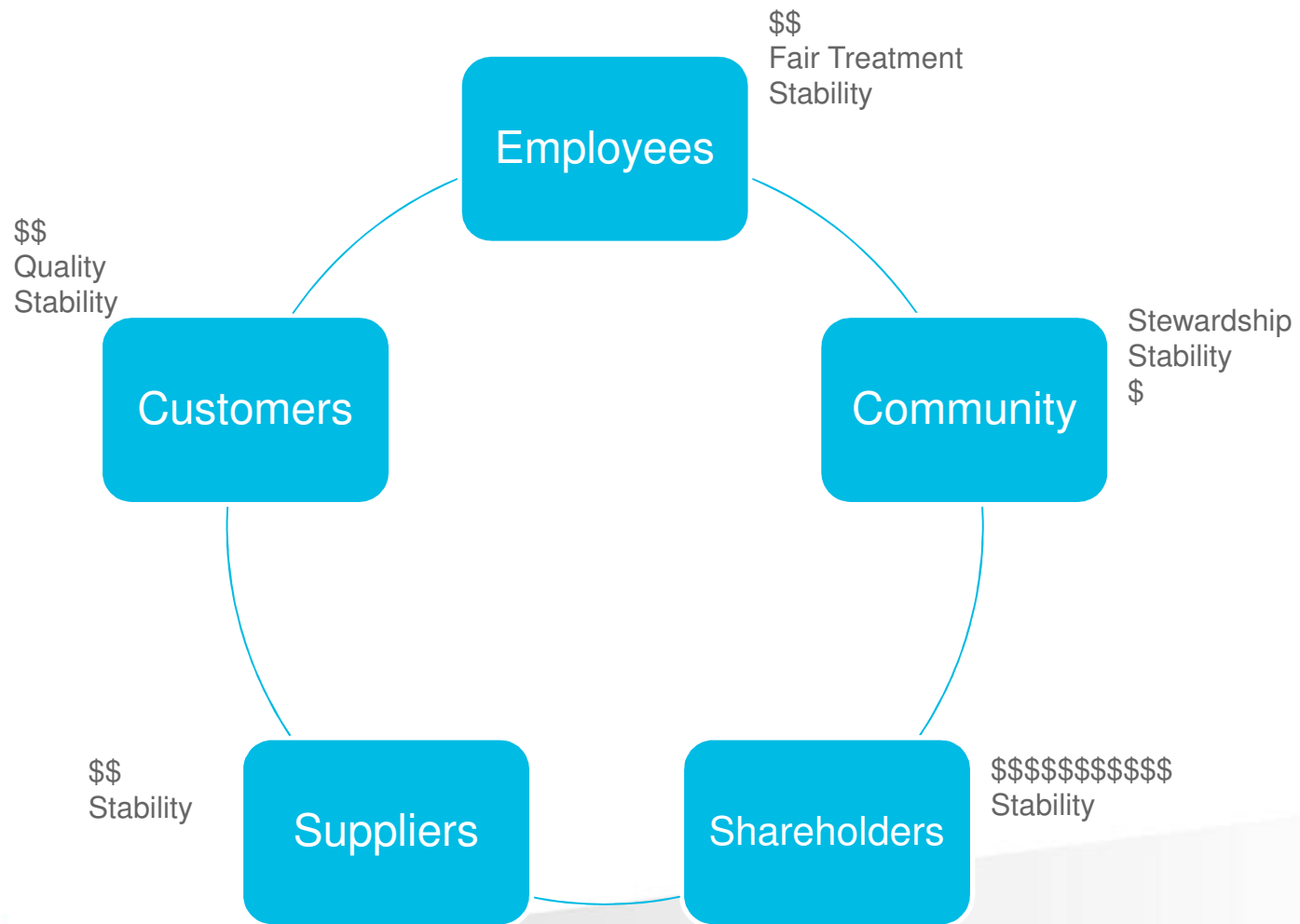


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# Industry Position on Energy and Environment

Jason Philpott  
2013 CIBO Annual Meeting  
Stowe, VT  
18 October 2013

# A CEO's Stakeholders



# Complex Interaction

■ Example: Poor work environment

1) Lose key talent (*Employees*)

causes

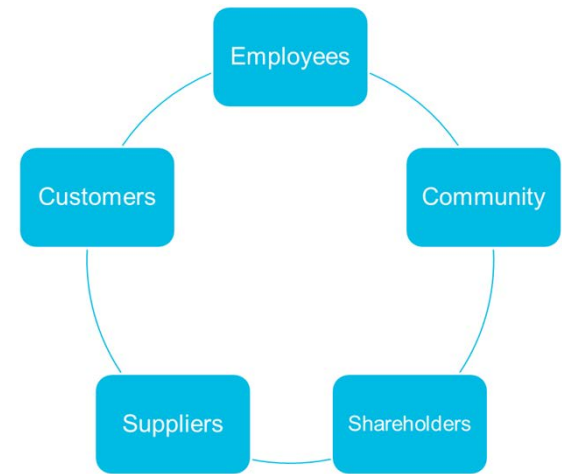
2) Poor product quality (*Customer*)

causes

3) Lost sales (*Shareholders*)

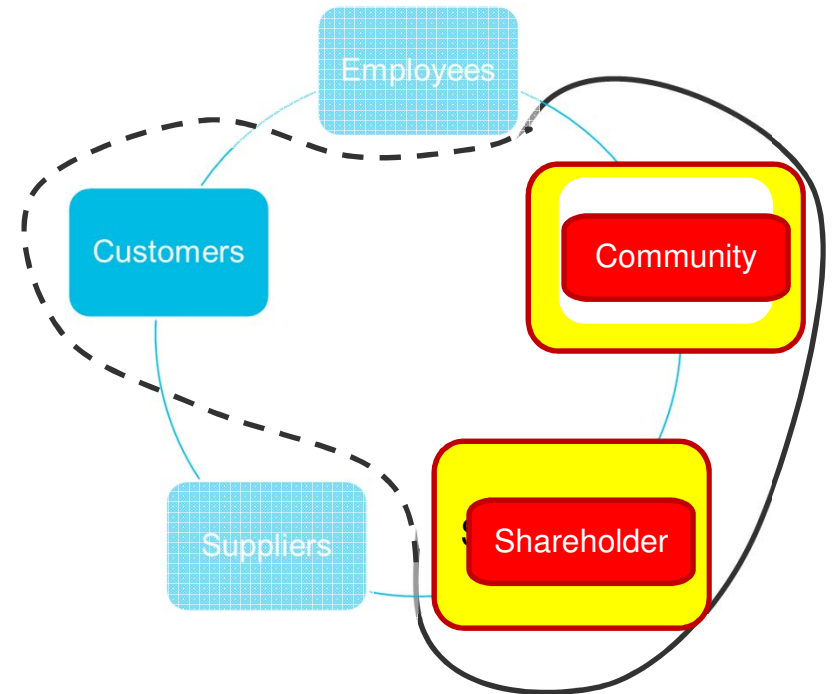
causes

4) Layoffs or plant shutdown (*Community & Suppliers*)



# Where Does Energy/Environment Fit In?

- Communities (and some customers) expect Environmental stewardship
- Shareholders expect a high rate of return
  - Less return for shareholders
- Environmental projects, though necessary, have no ROI
  - Less return for shareholders
- Returns for shareholders, also necessary, take away money for non-return investments



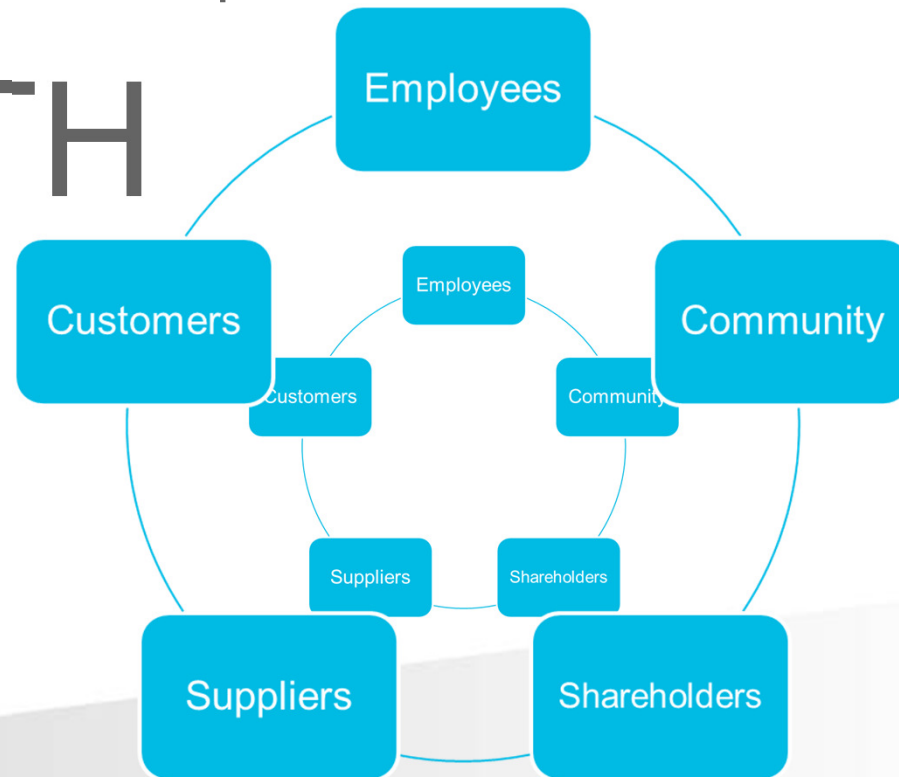
# One Solution: Energy Efficiency

- There are energy efficiency projects with a reasonable return.
  - ROI pleases *Shareholders*
  - Lower energy use → Lower fuel use → Cleaner Environment
    - This pleases the *Community*
  
- Low Hanging Fruit gone?
  - Most “easy” projects have been done
  - But don’t let that stop you from looking
    - Eastman reduced energy intensity by 2.5% in 2012.
      - Equivalent to 340,000,000 pound of GHG.
  
- Unfortunately, Energy Efficiency will only take us so far

# Environment vs. Shareholders Dichotomy?

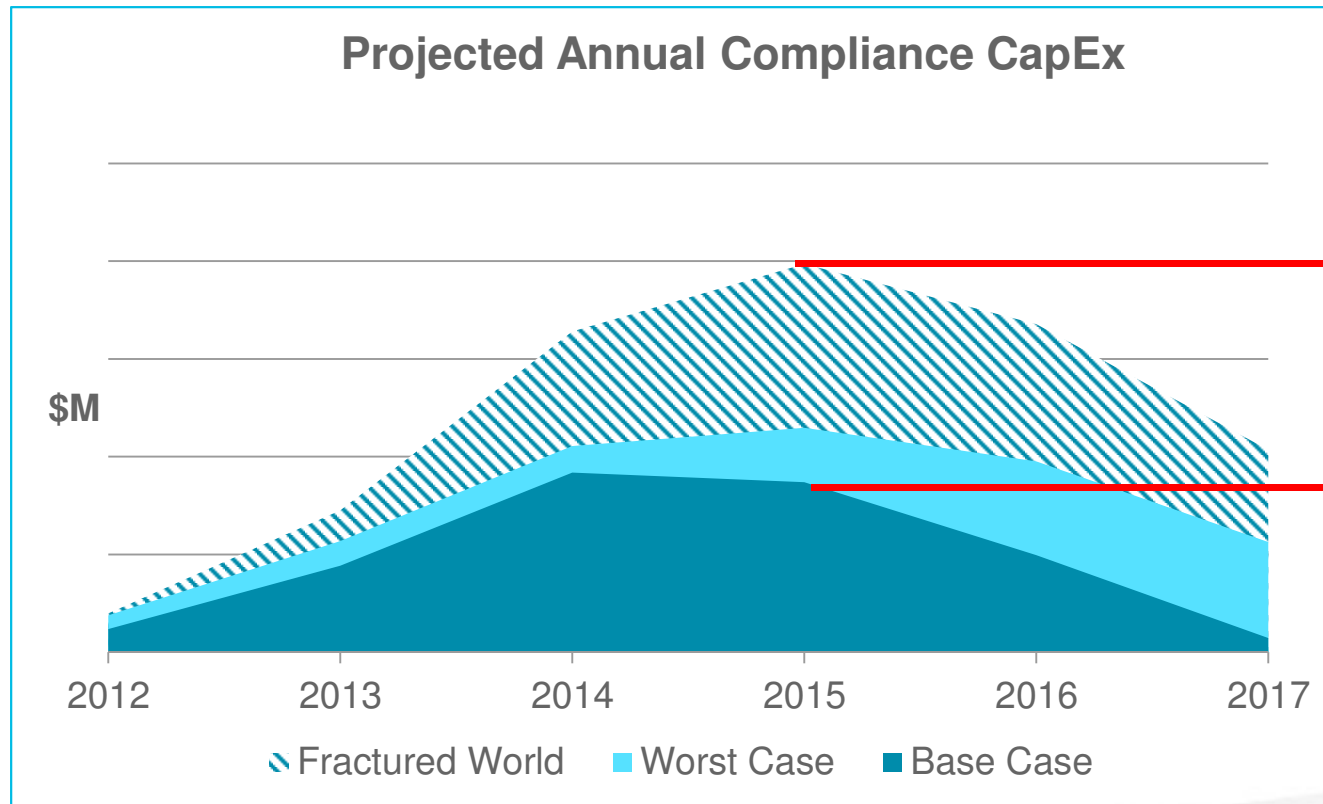
- Need & Want to please Shareholders
- Need & Want to be good steward
- How can all stakeholders be pleased?

# GROWTH



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# Roadblock to Growth: Uncertainty



Hostage capital due to uncertainty

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# Roadblock to Growth: Energy Future

- Add a Coal Boiler?
  - Good luck
- Add a Gas Boiler or Turbine?
  - Seems safe for now
  - How well do you trust forecasts?
  - 100 year supply? Could be as low as 30 years.
- Burn Biomass?
  - Proven and feasible
  - Sufficient local supply to replace 45 car/day of coal?
- Install Solar?
  - I need steam too! Reliably!
  - 24/7 operations need continuous power
- Install Wind?
  - Steam? Reliability?



# All of the Above

- Industry supports domestic energy policies that foster a *diverse* and *inexpensive* supply of energy generated from a broad spectrum of domestic sources.
- Industry supports expanded energy research, development and deployment
- Policies should incent energy efficiency, including CHP.

**QUESTIONS????**

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