

# Is ESG BS?

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**Greg Dalton:** I'm Greg Dalton.

**Kousha Navidar:** I'm Kousha Navidar.

**Greg Dalton:** And this is Climate One.

[music change]

**Greg Dalton:** I'm a climate guy, right? I try my best to do my part - I don't eat beef, I have no gas power in my homes or cars.... But I still feel guilty whenever I get on an airplane or do something that creates emissions I know are bad.

**Kousha Navidar:** Yeah, I get that, Greg. I imagine a lot of us feel that way, especially when we keep seeing extreme weather and other climate-driven disasters happening all over the place. But of course, you know the deal - you alone aren't responsible for climate change.

**Greg Dalton:** I know! And this is the thing fossil fuel companies have pushed on all of us for decades - their well funded misinformation campaigns are well documented. But even though I know that rationally, I have to say it felt nice this week to hear one of our guests, a former sustainability exec, tell me point blank - you are not complicit if you use fossil fuels.

**Kousha Navidar:** What?? He absolved your sins??

**Greg Dalton:** Yes, I'm absolved. I mean, sort of. I mean, I know individual action is necessary - and insufficient. And so I've often thought it's the big corporations that should do more. This idea actually gained a lot of traction in financial circles. This is often summed up by the acronym ESG - which stands for environmental, social and governance goals a company wants to prioritize.

**Kousha Navidar:** Today, we're going to focus on the E part of that. The Environmental part. You

know, about five years ago there were a bunch of big corporations making sustainability pledges. Here's Amazon's Dave Clark, who at the time was their chief of consumer retail:

**Dave Clark:** Climate is a very real challenge for all of us not just at Amazon but in our daily lives at this point.

**Kousha Navidar:** In 2019, Amazon signed the Climate Pledge, a commitment to become a net-zero carbon business by 2040. Many other companies joined the effort. But three years later, the Center for Investigative Reporting found that Amazon was [drastically undercounting](#) its own emissions. Last year the company [announced](#) that investments in wind and solar plants effectively provided all of the electricity its operations used.

But a group of Amazon employees says those claims are misleading — those workers have been critical of former CEO Jeff Bezos's climate pledges for years.

**Greg Dalton:** I've seen so many examples lately of other companies reversing course or going underground. Here's Jim Cramer of CNBC's Mad Money in early 2020, [weighing in](#) on the letter BlackRock CEO Larry Fink wrote, which was a rallying call for companies to measure and reduce their climate risk and pollution.

**Jim Cramer:** It says what the future investors are thinking. When I meet with younger investors, with the RobinHood people, with people who trade, with millennials, they ask first, well is the company despoiling the environment? This is something that Mark Benioff of salesforce has taught us, that you have to make one of your stakeholders not just your customers, not just your shareholders, not just your workers but the earth. So I think this is an admission by Larry that we have to do it.

**Kousha Navidar:** But Larry Fink is not talking publicly about carbon emissions now and BlackRock is taking a lower profile. And the **federal government** is now rolling back requirements that companies disclose their emissions.

**Greg Dalton:** Yeah, it's a big point of conversation in the financial world right now. ESG became a tarnished term after it got dragged into the "woke" culture war. And you're right, we've seen lots of companies pulling back from publicly touting their sustainability accomplishments. Even those that might still be privately taking climate into account. This is sometimes called greenhushing - when companies still act but don't want to talk about it.

**Kousha Navidar:** I think a lot of this is a matter of optics, but even that has nuance. It came down to whatever increased shareholder value. Especially in the tech industry. I know this because I used to work as a speechwriter and crafted a lot of these messages.

**Greg Dalton:** So you practiced greenwashing?

**Kousha Navidar:** Now, sometimes the optics made the climate effort a big marketing campaign, but sometimes it did actually translate into meaningful action because the companies felt the pressure, and it was good for the bottom line. Again, whatever increased shareholder value, the next quarter, and sometimes it was for the long term.

**Greg Dalton:** Our first guest today, Auden Schendler, spent more than 25 years running sustainability programs at Aspen One, the company that owns some of the highest-end resorts in the world. So he speaks with an insider's authority. He basically says he never believed most companies' environmental promises.

Now he's written a book called "Terrible Beauty: Reckoning with Climate Complicity and Rediscovering Our Soul."

**Greg Dalton:** In your 20s, you worked as an energy technician in Colorado. You crawled under trailers, through mud and animal carcasses, breathed fiberglass while wrapping water heaters, fell through a ceiling while blowing insulation, and landed near an old man sucking on oxygen. What did those jobs teach you about Americans' relationship with energy?

**Auden Schendler:** Well, when we talk about the green economy and the green workforce and actually solving the problem, this was the work. I mean you can't underestimate the level of difficulty in fixing the climate problem. So in my early 20s, I get a sense of that. Imagine you're crawling under a trailer with 18 inches of clearance. What's down there? Black widows, dead skunks, live skunks, you know, just it's absolutely - and what you're doing is you're sealing the building. We would go into a building and do a blower door test, which is a big fan. And it would be like you were, you're trying to suck the air out of the house and find the leaks. But it'd be like you were outside. The building was so full of holes. Then we'd seal these buildings and we're saving people money. We're making their lives better. We're making them more comfortable. That work was incredible in the sense that I've never had my credibility questioned after that. I'm not in the ivory tower. I started in the absolute, almost literal trenches. You asked about Americans' relationship with energy, and it's not remotely on the radar, partly because historically it's been very cheap, relatively speaking, and that has never been a priority for Americans. We have had other things to worry about.

**Greg Dalton:** Right. And Jimmy Carter, who we recently honored, you know, was mocked for, you know, putting on his sweater and he gave it a good try. How did you get from crawling in crawl spaces with skunks to, you know, the Aspen Ski Company, which caters to the wealthiest of the wealthy. It's the kind of the elite of the elite and, and skiing and really the country.

**Auden Schendler:** Yeah. I was at Rocky Mountain Institute, now RMI. And this organization was putting forward the theory of sustainable business, which is that business is going to be motivated to save energy and solve the climate problem purely on profit. Because when you change your light bulbs, you save money, like often a lot of money. Retrofit boilers, green buildings work better and so forth. And I was doing that work and I actually remember giving a presentation laying out this philosophy. So this is sort of the early roots of my cynicism. And I was in front of the room doing overhead slide, so that's how long ago it was. And, and I had this thought that went into my head, which was, you're a fraud. And I thought, I don't know that I'm buying this stuff, and I want to see if it's real. And so there was a job to do, become part of the first environmental department in the ski industry. Halftime, hourly pay, not that much money. And I said, that's the thing. I want to try this and see what it's like out there.

**Greg Dalton:** Your new book is called Terrible Beauty: Reckoning with Climate Complicity and Rediscovering Our Soul. What does terrible beauty mean to you, especially when you think about your love for your own kids, which you write about in the book.

**Auden Schendler:** Yeah, you know, Americans and global citizens, if you ask them, what do you care about? They will say, my family, my partner, my children, my community, the natural world that I recreate in. These are profoundly important to me. And then if you say, okay, there's a problem called climate change that threatens all of that. What are you doing about it? And the facts are that people barely vote. They don't participate in civics. They're not engaged in improving society the way we used to be in the United States. And so Terrible Beauty is the notion that these things we love and care about profoundly are also horribly threatened. And it's that dichotomy that I think we can use to inspire action. You love these things. They're so amazingly beautiful and important. Let's protect them.

**Greg Dalton:** And so that's been a thing in the ski industry where, you know, Jeremy Jones founded Protect Our Winters and others, hey, these are outdoors enthusiasts. They care about nature. They're going to be motivated to change it, right? Because they're closest to it. They see winter is not what it used to be. Look at the Winter Olympics, right? It's kind of sad who, you know, how many countries and places can host the Winter Olympics. And yet the response of a lot of the ski industry has been, we will put in snowmakers fueled by methane gas to make more snow because nature is not giving it to us. Isn't that profoundly ironic?

**Auden Schendler:** Well, it's not ironic in the context of capitalism, and I've had these conversations in the ski industry with CEOs saying, you know, I said early in my career, don't you care about climate change? And the CEO said, yeah, what do you want me to do? I'm just a ski resort. It's a tough business. We have to operate and we're going to have to increase snowmaking. So the climate crisis has always run up against the fact that people are trying to live their lives. And the United States is a perfect example of this where you've got, what are the list of problems you have in living a good, meaningful, but also survivable life, healthcare, housing, education, and climate becomes this thing that you could deal with if you stabilized, but we never stabilized.

**Greg Dalton:** And climate is very technical. It's physics and biology, things that people maybe didn't like studying in high school.

**Auden Schendler:** Yeah, People don't care about technical. Every important social movement in history has had a moral basis. Civil rights, marriage equality, women's voting. There's a moral piece to it. We have to say, look, we're human beings. There are things we care about and we need to protect those things. And this is a thing that's in the way.

**Greg Dalton:** Right? But also a lot of those campaigns, whether It's the Soviets during the cold war or or China or Isis, there's some villain or enemy with a human face and climate we are and you write about this complicity, you know, how we are complicit, you feel complicit. That's a harder thing to look at.

**Auden Schendler:** Oh, no question. And that's why we've failed. You know, my point on complicity is that the society we're in is a fossil fuel based economy that was created through the influence of the fossil fuel industry. Americans didn't say in the early era of coal and oil and natural gas, we didn't say, Hey, You know what I need from energy? I need services. I need hot showers, cold beer, mobility. I want my house to be warm. Can you provide that to me in a way that will eventually destroy civilization? We didn't say that. What we said was, make that as cheap as possible. And this is an important point that the environmental community misses. Fossil fuels were a miracle for society. You dug a rock out of the ground that happened to burn, and you brought a billion people out of poverty. Refrigeration changed human health globally, transportation and so forth.

**Greg Dalton:** Thank you fossil fuels.

**Auden Schendler:** Absolutely. And not just fossil fuels, but thank you to the people who did these jobs that were dangerous and they died young in coal mines and they're the violent in the oil fields and gas fields. So thank you. Thank you. 1950 through 1970, the scientific community started to understand. This stuff's been great. And there's a problem with CO2. CO2 warms the planet. It's basic physics. There's no doubt about it. We live on Earth because of a CO2 blanket. So if you expand it, it's going to get warmer. And at that point, a functional society would have said, Wow, you know what? Without being radical here and without being crazy, let's start a 50 year plan to slowly ease ourselves off fossil fuels. We're not going to drop it tomorrow. We're not going to hurt people's lives and careers. We're going to do a technological transition. We're going to do research and development. Jimmy Carter in 1980 was on this. He said, we should have 20 percent of our power by

solar in 2020. Imagine if that had happened. And so that would have been public policy being informed by science and facts. Instead, what happened? Well, here's what happened. The fossil fuel industry said two options here, pivot into renewables. Or monetize the tens of trillions of dollars in proven reserves in the ground. And Nathaniel Rich wrote about this in his book, *Losing Earth*. He tracks it historically. They said, eh, there's a lot of money in the ground, let's monetize it.

**Greg Dalton:** And there was a real consensus in the I think early 80s even Republicans, industry, Oh, this is, we can solve this and then it got hijacked.

**Auden Schendler:** And it got hijacked. The science that organizations like ExxonMobil had in 1977 was buried. Money was poured into disinformation campaigns. This is all public record. Naomi Oreskes has written about this in *Merchants of Doubt*. And then, of course, our political system requires money to succeed. And so money in politics meant that we live in a world where you're able to dump your garbage on the street for free. That's pollution in the form of carbon.

**Greg Dalton:** So we live in a world that we didn't choose. The fossil fuels industries and interests shaped this. It was all based on low costs.

**Auden Schendler:** Yeah. And, because you live in a fossil fuel economy, not of your creation, you're not guilty. You shouldn't feel like a hypocrite for driving your SUV. The only question, the only standard for you or -

**Greg Dalton:** That's a big deal for an environmentalist to say.

**Auden Schendler:** Yes. Yes, so that's why we have to make this point, which is your obligation is not to be a vegetarian or not drive your car. Your obligation is to change the system so that when you travel or when you heat your house, there's no carbon associated. So as a company, I say, you can criticize us for not doing enough changing systems. I will accept that criticism. I will not accept criticism for running partly on fossil fuels.

**Greg Dalton:** So that's a big deal because so many people walk around with guilt, myself included, oh if I fly on a plane or there's judgment, oh you eat meat.

**Auden Schendler:** And what is that? That is a way to take the most powerful entities on planet earth, which are citizens who have always done revolutions, or other powerful entities, corporations, and silence them. So you're complicit if you're silent. You're not complicit for using fossil fuels.

**Greg Dalton:** I'll continue my conversation with Auden Schendler after the break.

Next, how to handle the hard road ahead:

**Auden Schendler:** Solving climate is going to be incredibly difficult, and it's going to take so long you won't see the results of your labor. And one response is, Oh man, I'm depressed. The real, the human response is, Bring it on. Because that's what we do as human beings.

**Greg Dalton:** That's up next, when Climate One continues.

This is Climate One. I'm Greg Dalton. Let's get back to my conversation with Auden Schendler, author of *Terrible Beauty: Reckoning with Climate Complicity and Rediscovering Our Soul*. Schendler spent 25 years running sustainability programs at the Aspen Ski Company, now Aspen One. One of his projects was reducing the energy demand of the Little Nell Hotel.

**Auden Schendler:** So the Little Nell is a five star hotel in Aspen. It's as fancy as anything gets in the world. You know, it is customer service above all else. And what that often means is you throw energy at the customer. My environmental work in the corporate sector began at the Nell. My first book tells the story of trying to change light bulbs, and that's the easiest thing you can do in sustainability. If I take an incandescent bulb, which is a space heater, and replace it with an LED, I can save 75 percent of the energy, and it's like an instant return on investment.

**Greg Dalton:** And you save on cooling. You don't have to –

**Auden Schendler:** There's what are called cascading benefits. So a light bulb that doesn't give off heat means you don't have to air condition the space as much in the summer. So, short story that you can read in my book was I couldn't do it. There were too many barriers. So Rocky Mountain Institute taught me this is a no brainer. No business person will turn down a 75%.

**Greg Dalton:** It's a win-win.

**Auden Schendler:** Yeah. Would you take a 75 percent return on investment, sir? Yes, sir. I would. Let's do it. No, it was aesthetics. You know, the manager said to me, this isn't a Motel 6. We don't have curly Q light bulbs. Then I said, okay, put them in the hallway. He said, no, what if the five star auditor sees them in the hallway? We're not doing that. Then I said, what about the garage? He said, how much would that cost? 20 grand. He said, I can buy wine for that. And I can make 20 grand on a bottle of wine. So you see it sort of encapsulated all the economic problems. And here was the essential problem, and this is what your question is about. What was the cost of energy in that hotel at the time? It was 4 percent of the budget. And that doesn't matter. That's irrelevant. And again, that's because energy has historically been almost free in the United States. It's almost a birthright to Americans. And so, 20 years after changing the light bulbs, I did succeed. We changed every light bulb in the building, including the candelabra bulbs. 20 years out, we had changed the boilers. We'd replaced the roof. We had solar up on the roof. We did a good job. And I went to the engineer in the bowels of the building. His name's Mark Fitzgerald, wonderful guy, very crusty. And I said, Mark, what have we missed? We've, we've done it all. What have we missed? And he sits back in his chair, puts his hand behind his hands behind his head. And he says, well, you could put a door on the garage.

**Greg Dalton:** The parking garage.

**Auden Schendler:** Yeah, parking garage. So a two-story heated parking garage with an opening, you know, the size of like the first story of a house that vents heated air into the minus 10 degree Aspen winter. And it had been doing this for 30 years. And the funny way to tell a story is, Mark, an engineer, was pointing out a technical problem with a building. The technical problem was called a hole, and the technology to fix it is called a door. And the point of the story is that energy is so cheap that a hotel could have the front door open basically for 30 years and not notice.

**Greg Dalton:** And it was, of course, a wealthy hotel. So you've described corporations making sustainability efforts, this sort of voluntary incrementalism that people inside think they're doing what they can in their jobs, right, as spreading questionable hope. Trying to like, change the light bulbs, reduce waste, often in the form of energy, which causes emissions, should be good business sense. If it can't work at a wealthy hotel in Aspen, how's it going to work across the US economy?

**Auden Schendler:** So my book is a critique of the entire modern environmental movement, and that movement is based on the idea that we have a problem, climate change. It's big. And here's how we're going to respond to it. As a business, we're going to take care of our operations, reduce our emissions 30 percent by 2050 or whatever the target is, which actually is very difficult. I know this.

I've done this work. As individuals, we're going to buy an electric car. We're going to insulate our house. We're going to give some money to a nonprofit. Here's the problem. That prescription does not solve climate change, and the reason is it's entirely voluntary. It's at too small a scale. Think about it. A corporation actually, we need them to reduce their emissions 100%, not 30 percent by 2050. Not everyone else is doing it. So, there was an economist named Rucker Bregman who showed up at Davos, and he said, you all talk about tweaks to the system, like philanthropy, but you never talk about tax policy. And corporations, or individuals, we talk about not eating meat, or reducing our, you know, energy use year over year, but we don't talk about tax policy or carbon taxation or, you know, systemic regulation that would actually solve the problem. So in doing that, you have bought into what the fossil fuel industry wants you to do. So if the fossil fuel industry said, Hey, we want to take citizens and corporations, very powerful entities out of the question, out of the picture. Let's make them think they're doing something by focusing on their individual actions and their firm level actions and stop there. That's what happened. So almost no business, fortune 500 business is saying, you know, we need, we need federal regulation, like the clean air and clean water act. A very few, and I'm talking less than six, supported the Inflation Reduction Act. But that was it. And by the way, that's not even regulation. That's an incentive structure.

**Greg Dalton:** Lots of carrots and not sticks. So sometimes this happens when the political system fails us on climate, like, Oh, okay. You know, corporations will save us. When president Trump pulled out of the Paris Climate Accord the first time, Silicon Valley, Corporate America, Disney, IBM jumped in and said, Hey, stay in Paris. They rallied. And we thought, okay, are the white knights we're looking for, corporations. And you're saying that's looking for love in the wrong places.

**Auden Schendler:** Well, it's completely legitimate to say, Why are you putting any faith in business? It's not designed for this thing. It's demonstrated over many decades that it's profit motivated. And here's my response to that. The climate fight is very difficult and very complicated. And if you lay out the tools in your toolbox, they're limited. So let's look at how can we fight climate? We can use government. We can use civil society. We can use philanthropy. We can use the courts, the legal system. And we can use corporations and corporate power to help change social norms and to change government. Corporations have always been involved in influencing government. Why would we throw one tool out of the toolbox? Why would we say, you know what, corporations, not gonna happen. I say, let's at least keep ourselves open to the possibility that an organization with great power and influence like Apple might at some point soon say, you know what, those fires in California, They actually affected our business, they affected our supply chain, they affected our employees, they affected our customers, they're going to affect our insurance rates. So now we need to act. Tim Cook says we need national climate legislation to complement the Inflation Reduction Act. We need a regulatory system. We should do it across the board. Most businesses agree they want stable policy and they want a stable climate. So it seems to me not that far off. off that that could happen, especially as the impacts of climate get worse and worse. Business has a history of calling for solutions to societal problems. Chicago in the 1800s was an example of this where they dealt with pollution because it was too smoky and disgusting.

**Greg Dalton:** So you mentioned Chicago. Aspen Ski Company is owned by the Crown family of Chicago. So isn't it easy for you working for a private company to say what public companies who have shareholders, resolutions, lawsuits, you know, it's a lot easier for a private company to navigate.

**Auden Schendler:** Yeah, there's no question that our being private has enabled us to do weird, risky, interesting things. But the reality of public corporations, I think in the modern era, is that there's a case for leading in society. Howard Schultz, 15 years ago, said, People can't fall in love with a business that doesn't stand for anything. And modern consumers, younger consumers, They don't just, you know, our resort is an example. They don't just want to buy a ski ticket. They want to

support an organization that's doing good stuff. People travel around wearing the Patagonia logo on their hats. Because they love that company. And so, there's brand value. But then, there's this whole issue no one's talking about which is, climate actually is a threat to commerce.

**Greg Dalton:** Right, yeah, it's starting to cost real money and getting insurance, it's, it's definitely gonna, gonna, increase costs and, and hurt profits and, and revenues. There's one example of sustainability actions that came about through a campaign. Back in 2008, Greenpeace launched a boycott against Kimberly Clark because that company was still using virgin forest to make Kleenex. You got a call asking if Aspen Ski Company would participate in the boycott. What happened then?

**Auden Schendler:** This is the wonderfulness of the company I've worked at over the years, Aspen One, used to be Aspen skiing company. I'm at my desk and the phone rings and someone says, Hey, I'm from forest ethics. They were representing Greenpeace. Will you ban Kleenex? And I said, I don't know anything about this, but let's look into it. Short story, we banned it. We only spent \$30,000 a year on Kleenex, no big deal. I made the bad mistake of talking to the media about it, and we got crucified in the local paper. We were accused of greenwashing, of tokenism, right? We fly people from Europe with little dogs on their laps, move them up and down a hill using fossil fuels, and we're criticizing Kimberly Clark?

**Greg Dalton:** Mm hmm.

**Auden Schendler:** Just, it was like, I felt physically sick for a PR blunder. Two weeks into this disaster, a senior vice president at Kimberly Clark, okay, 20 billion company, calls and says, We don't like the fact that you're banning Kleenex. Can I talk? Can our CEO-

**Greg Dalton:** Does the CEO ski at Aspen? There's something there. Yeah.

**Auden Schendler:** There was, he said, can our CEO talk to your CEO? I was, I was blown away. I was like, are you kidding me? We're a teeny rinky dink ski company. We barely spend money on your product. You really want to talk to us? Yeah, not only do we want to talk to you, we want to come down. So making a long story short, why did they care? Because our power was in our brand. If you, as you said earlier, what's the greatest ski area in the world? It's probably Aspen. Some European resorts would quibble with that. Our brand is so powerful and the people who visit, the company knows they want to have Kleenex on the counter or in the lift line or in the hotel room. So we have a three year conversation with the CEO, our CEO to their CEO. And by the way, importantly, 700 other people had joined the boycott, right? And Greenpeace was involved. So I'm not saying we did this, but after three years, we read in the newspaper that Kimberly Clark had radically changed how it sources fiber. This is forestry. This is a huge piece of the global climate fix. And at that point we ended the boycott. We kept a relationship with Kimberly Clark and, and they continued to do good work. A year later, they invented the cardboard less, roll less toilet paper roll, which on one hand is funny and a joke, but it indicates intent. These guys were still thinking and still caring. And if you Google them today, they've made even more progress. So what, what is this story about? This story is about asymmetric warfare, where a very small, powerless entity is able to wield force against a much more powerful adversary.

**Greg Dalton:** But the people who come through your town, your hotel, who ski in Aspen, the people who have there is, it's the Davos set, right? Private jets coming in there. There's a tremendous amount of social and political and economic influence that goes through Aspen. How have you tapped into those people and do you think that elites are really going to change this? Because those people who come through Aspen, I know you don't want to put it on individuals, but those private jets and they, they control a lot of emissions and a lot of power.



**Auden Schendler:** Right. So the last point on the Kimberly Clark piece was, this isn't what I thought I was gonna be doing as a corporate sustainability executive. I thought I'd be changing light bulbs and doing carbon accounting. Instead, I had to become an activist. And the question you're asking is, okay, this is a center of power, and frankly, conspicuous consumption, and therefore waste. What should I do as a moral actor on the climate fight? Do I go to Bangladesh and work on solar arrays for poor people? I'd feel good about myself, but where's the power? The power is in Aspen. So we're trying to hit people in different ways, in subtle ways, and say, you should care, you should be part of this movement. I get that. that this is theoretical, but this is the way we're thinking about this. We're trying to access power, and we're trying to wield power, much more than we're trying to reduce our carbon footprint.

**Greg Dalton:** And I remember earlier when we began our conversation, you said, I'm a fraud. So, and I vacillate between these places too, like, Oh, what I'm doing is really interesting and important. Oh, and this is not helpful at all. So talk to me about that. The fraud, Auden, and oh, this is really exciting what we're doing. Can both co exist?

**Auden Schendler:** Yes. I think so, from one fraud to another, you know, speaking confidentially here. I think that I have been a realist my whole life. On climate, I feel we are not succeeding. And I also have been very honest in my career about the stuff that I've screwed up. We have made mistakes and we're always public about it because we want other people to learn. And when there is progress, Kimberly Clark or the notion of reaching customers with, with powerful messages, I celebrate that because, you know, those are the things, these incremental steps that keep you going. And it's, it's incredibly exciting. I think more exciting to try and fail and continuously fail. And then you have a win, these occasional wins. And then the wins became stories that other people can replicate. So an example, one of, one of our other great wins, maybe one of the best things that we've done in our work, was we were changing light bulbs, we were changing boilers, we were trying to reduce energy, and the carbon footprint kept going up. I was in my office, literally asking people, what is going on here? I don't understand. I spent three days researching it, and it turned out our utility had invested in more coal. And so our carbon intensity had gone up. This was an epiphany that ties to everything we're talking about, which is systems change versus individual change. We said, Oh my gosh, we got to change the utility. Well, what is a utility? How's it governed? Where do you start changing it? Turned out it was a rural electric co-op with a board elected. So we said, we're going to try to run people for the board. We didn't know anything about community organizing. I studied biology. And so we start doing that. We found candidates. We lost. We won. People in the community got mad at us. The utility got mad at us. We changed the utility over a decade. The new CEO is a climate scientist. The board is entirely progressive. Their power today is 90 percent renewable. Our carbon footprint dropped. Guess who else's did? Vail Resorts. Our rival. Because they're on the same grid. So, that's a big victory. And there's so much promise and hope and glory and joy in that, that it can offset the daily struggle. You know, climate fighters are, are waking up and losing and losing again and losing again and you occasionally have these wins.

**Greg Dalton:** That's a great story. You suggested that corporate sustainability departments can sometimes serve as moral cover for business as usual. We have sustainability professionals who listen to the show. It's part of our audience. How can sustainability professionals avoid this trap being moral cover?

**Auden Schendler:** Right. So, the practice of corporate sustainability, which is operational greening does for a business is it becomes this cloak of invisibility with regard to criticism from the environmental community or from anyone, because you can't be, you know, look at what we're doing where we have the staff are doing all these different things. You can't be criticized and what I've argued is that corporate sustainability as currently practiced could go by another name. That name

could be Business management because if you look at what you're doing, a lot of it saves energy and money. A lot of it is simply efficient operations. There's PR benefit to all of it and marketing. So it's just business. Where does the actual climate solving sustainability work happen? In a department called government affairs. So that should be renamed sustainability because that's where the work and the influence and the change will happen. And the complicity that I've argued about my field. Remember, I'm attacking myself here. So, I take responsibility for this, 'cause this was half of my career. But the work enables the status quo unless you reach out and say, no, we wanna do bigger things, risky things, and systemic things.

**Greg Dalton:** So that raises the question of, you know, there are lawsuits, mainly from municipalities, cities and counties saying, because of attribution science. Now you can kind of point to the sources of emissions that are causing fires, coastal erosion, et cetera. That's going to cost taxpayers money. Why isn't Aspen One or other companies or the ski industry joining those lawsuits saying, Hey, oil companies, you're damaging our revenues because it's not snowing. You're hurting our business.

**Auden Schendler:** Yeah. So about a decade ago. The county of Boulder sued ExxonMobil, and they asked us if we'd join that lawsuit. This is part of many lawsuits that are happening nationally. And as I understood the lawsuit at the time, we were suing them for producing fossil fuels, and I thought, that looks bad, the optics of that are terrible, we're a ski resort. We use diesel in our snowcats. We use, you know, several hundred thousand gallons of diesel a year. I'm not gonna do it. But if you wanted to sue Exxon, I said this in a newspaper, if you want to sue ExxonMobil for hiding the science, I'd be all over that. Ring! My telephone rings. It was the lead climate lawyer in the United States, whose name I'll keep secret, but litigated Massachusetts versus EPA. The guy. Hey, I saw you wanted to do a lawsuit. So now, we start a project to sue ExxonMobil. And the suit was what you say, hey, you hid the science. We can measure today the impact it's had on the ski industry. You can measure it monetarily. There have been lots of studies on this. So I start this process of being the first corporation, the first private entity to sue ExxonMobil for hiding the science and to make a long story short, it was a risky, dangerous, scary thing to do. We're privately held by a family that owns a range of other businesses and it was a bridge too far. In defense of our ownership, they gave it a full 70 page report by one of the best lawyers in Chicago. I got into the room with our owners and said, here's the case. I brought my friend, the climate lawyer, and we decided not to do it. That's part of the work, which is we're not going to succeed in everything, but someone else will. And part of this, You know, part of difficult things is that you fight, you fight, you lose, and then the next person wins because of the groundwork you laid. The appendix to my book is a guide to suing ExxonMobil and someone's going to pick up that baton and run with it.

**Greg Dalton:** Do you really believe that or do you have to pep talk yourself into that?

**Auden Schendler:** I have to pep talk myself into it. And in the end of my book, I get into this question of, how do you wake up? You know, how do you, how do you wake up fighting an impossible battle? And, my answer to that is that, I do believe that people are looking for more out of life than simply pay the bills, get the kids through college -

**Greg Dalton:** Comfort and pleasure.

**Auden Schendler:** Comfort, pleasure, die. And on your deathbed, you're like, that was pretty cool. I had some fun. I don't think people are doing that. I don't think that's their goal, because if that were the case, then why did we create religion, all the different sorts of religion? Why did we create philosophy? We're looking for something more. So, the problem with climate is that it's difficult and it's going to take a long time. Philosophers have weighed in on that. One is Cormac McCarthy, and in *The Road* he says, All things of grace and beauty, such that one holds them to one's heart, have a

common provenance in pain. Anything meaningful is difficult. And then Reinhold Niebuhr, the philosopher, says, Nothing of any importance will be achieved in your lifetime. So here's what you're being offered as a human being. Solving climate is going to be incredibly difficult, and it's going to take so long you won't see the results of your labor. And one response is, Oh man, I'm depressed. The real, the human response is, Bring it on. Because that's what we do as human beings.

**Greg Dalton:** Well, and indigenous cultures would say they, they, they're thinking about their ancestors and their descendants. It's not just about you and me alive here today. It's about the people that follow us.

**Auden Schendler:** Right. And, and what is consistent in humans and particularly among indigenous cultures is they have stories of themselves. And what's the story that humans like to tell each other above all else? John Steinbeck said, we only have one story and we kept keep telling it. What is that story? Well, here it is. It's a battle against evil that we never win, but we continue fighting. So, what are those stories? Well, one is in a book that you may be familiar with called The Bible. Another is The Lord of the Rings, where Sam and Frodo get to the Shire at the end and it's destroyed. And Tolkien himself, in a letter to, I think it was to C.S. Lewis, said, Yeah, you don't defeat evil because I'm, I'm a Christian and this is the thing I believe. And there are other, like every other story we like and tell, just quickly, Harry Potter, you think Voldemort's dead? And, and Beowulf, which I recently read and drove my family crazy because I was so obsessed with it. Beowulf, the greatest superhero in human literature. at the end dies and leaves his people open to attack. And yet this is the story we love.

**Greg Dalton:** Thank you so much, Auden, for sharing your insights and history with us.

**Auden Schendler:** My pleasure and thank you for founding Climate One. It's been incredibly important.

**Kousha Navidar:** After the break, in our upside-down world, investors are being pressured to NOT take climate risk into their calculations.

**Mindy Lubber:** If they are not looking at things that can cost the economy and the companies and their portfolios money, they're the ones who are in breach of their fiduciary duties.

**Kousha Navidar:** That's up next, on Climate One.

This is Climate One. I'm Kousha Navidar. Mindy Lubber knows a lot about the pressures facing corporations and investors. She's the CEO of Ceres, a nonprofit organization that makes an important case to businesses and investors: Not only do they need to confront climate and environmental challenges for the good of the world, but that doing so can also be good for their bottom line.

**Mindy Lubber:** In the last 40 years, climate change has gone from a scientific imperative that we talk about to something that people are knowing, are understanding. They're seeing in their weather changes, the climactic changes. And for the world that I spend a lot of my time in, investors and companies and stock exchanges and rating agencies, finally, not 40 years ago and not even 30 years ago. But now they see climate risk as a financial imperative that could have extraordinarily profound impacts on our economy if we don't get it under control. Think about LA. Billions and billions of dollars lost due to the fires, which were compounded by climactic changes. We're seeing that every single day. So when it gets to a point of tens of billions of dollars costing us and costing our economy, if we don't act, we're just going to see those numbers spiral. 18 years ago when we talked about and convened at the United Nations 500 financial leaders and called that the investor summit

on climate risk. Almost everybody challenged us. Isn't this a summit on climate change? What does climate risk have to do with anything? The term didn't exist. Now, of course, it's as common as any other common term.

**Kousha Navidar:** So there's more buy in. There's more awareness, like you said.

**Mindy Lubber:** And awareness and facts lead to action. And over the last five or 10 years, we've seen action. Enough? Absolutely not. Everywhere we want it? Absolutely not. But the fact of the matter is that the world's largest companies, investors have major departments, programs, hundreds and thousands of people working on this. It's a very different world.

**Kousha Navidar:** Mindy. I absolutely hear that. It really resonates. At the same time, there's been an attack on that as a shift back a little bit. I mean, BlackRock left the net zero asset managers, that initiative suspended operations. Microsoft has recently backed off of their emissions goals because the AI boom makes it more in their interest to run up energy serving costs. When corporations are backing off of sustainability pledges, how do you see the state of those sustainability initiatives today?

**Mindy Lubber:** And Kousha, you have barely scratched the surface.

**Kousha Navidar:** I'm sure, yeah.

**Mindy Lubber:** Relative to the attacks on private sector leaders, investors and companies for even considering acting on climate risk or diversity risk or other things. For two years now, the Judiciary Committee of the United States Congress has sent letters to every investor who has worked on things like, Climate Action 100 Plus, a global initiative of 700 investors who work together in sharing information, just like any other collaboration and it's being suggested that that's collusion. That's antitrust and letters have gone to every one of those investors threatening that if they don't pull out of these initiatives, whether it's net zero asset managers or climate action 100 plus they'll be investigated not only by the Judiciary Committee, but by 17 attorneys generals from red states who have written similar letters to every investor saying even if you consider climate risk, that's a breach of your fiduciary duty and we're going to investigate you. Now of course nothing could be further from the truth. If there's a material risk, a big enough risk for any investor, if they're not considering it, It doesn't matter if it's climate risk, or currency risk, or inflation risk, or natural resource depletion list. If they are not looking at things that can cost the economy and the companies and their portfolios money, they're the ones who are in breach of their fiduciary duties.

So what we've seen is an attack on common sense, on long term held practice, as well as an attack for a community of people who say, we don't want government in our lives, we don't want government micromanaging. Well, in fact, they're trying to micromanage women's lives, but let's not talk about that right now, but micromanage how investors literally pick up their pencils in the morning and analyze the risk to a company in their portfolio as it relates to climate change. How does an investor not look at the risk to an insurance company in this day and age as it relates to climate change? They must look at it. Being told that they ought not to, they can't, they'll be in violation of anti trust laws, of fiduciary duty. The world has changed significantly and that blowback is having an impact. I'd like to say it's being ignored. It is not being ignored. It is very powerful. and we are seeing changes and that's unfortunate.

**Kousha Navidar:** Tell me about that blowback. What do you see? How does that behavior change?

**Mindy Lubber:** Well, let's look at both businesses, maybe analysts, stock analysts, and investors. Start with businesses. We've certainly seen as it relates to diversity, that they're being told by the

new administration DEI doesn't exist. It can't exist. You can't have programs. Wipe it off your website. Get rid of your staff by just a wave of the hand without the analysis of how that has made companies smarter and wiser and stronger. Well, companies are now also being told you should not have a climate program. It is absolutely a breach of your duty. You should look at only the shortest of short term earnings. And in fact, climate may not show up as a loss or risk or an opportunity for a year or two years. And as it relates to climate, you can make the case both short term. Let's just look, go back to L.A. as I just said, and what that's meant to insurance companies, what it's meant to farmers, what it's meant to every sector of our economy. It is unfortunate we're seeing companies not wanting to talk about their goal setting and their audacious programs publicly, because every time they do, somebody comes in and attacks them as we saw with Target and LGBTQ issues. So they are feeling pressure from the federal government from the anti woke capitalism people saying a company should focus on the shortest of short term earnings and something like climate can never fit into that. Well, that's wrong in terms of the economics and in terms of the numbers. But we are seeing some companies not doing public things. They're not signing on to a statement about pulling out of Paris. I'll give you an example: During the first Trump administration, five days or three days after he pulled out of the Paris accord, 105 CEOs signed on to a letter saying we are still in. We are still in the climate battle. We are not moving backwards. This time around, we couldn't get 5 companies to do that because the pressure, the intimidation factor is very real.

**Kousha Navidar:** So it went from 105 to less than five.

**Mindy Lubber:** Right. We didn't do it. and that really does tell the story. But I am finding, and some people may call this greenwashing or not. We're digging in. We're looking at the facts. We're working with hundreds of companies who are still moving forward. They're moving forward because they're convinced that acting on climate is an imperative for their business. Their consumers want it, their employees want it, and they have to act. Is it a little bit less audacious or formidable than if they were being very public about it and their goals were being evaluated? Absolutely. Anyone who thinks this isn't going to have some amount of a chilling effect is not seeing the reality.

**Kousha Navidar:** Well, you're starting to get a little bit into the business case for this. And I think that's a wonderful place to dig in a little bit because, you know, climate risk doesn't go away just because the government tells you to take it off your website. So for you right now, does your business case change a little bit that you're trying to make to these companies when you're trying to engage with them on climate risk?

**Mindy Lubber:** Well, in fact, the business case becomes ever more important because there are people out there who want to change the facts. They want to redesign the science. The business case is the business case. And again, let's go back to insurance as an example, If you want to buy a home in this day and age, you need a mortgage. To get a mortgage, you need insurance. Right now, insurance companies are denying mortgages in multiple parts of the country because people can't get insurance. What does that mean to our lives as just housing people? I mean, this could be greater than the subprime meltdown in terms of the impact on housing, if people can't get insurance and thus they can't get mortgages. It's just one example, but it goes. Well, beyond one sector, climate is impacting everything. Think about farm workers. Think about agricultural area. When California saw either droughts or floods over the last two or three years, they had farms that were working at half pace. They had to put workers on the street because they didn't have work for them, their produce and what they produced from their farmland or their wineries or whatever. We're about half the amount that they would have otherwise had, all of which are climactic changes. Truckers lost jobs, you and I, in what we paid in restaurants or in the grocery stores, paid more climate is impacting every part of our life in a fundamental way.

**Kousha Navidar:** Mindy, these are trends that are palpable, and not new, frankly, like it is before

changing of administration, has gone through multiple different administrations. So for you, when you're making the business case today, is it that you're doubling down on the rhetoric that you've used that's been successful? Or does the insurance case, for instance, become more important because the stakes seem higher and more present to folks.

**Mindy Lubber:** I mean, to say we're doubling down for me would be an exaggeration because we have always made the business case, the economic case, because it is so real. And there's no question companies don't like to be pushed. Change is hard. It costs money, doing things differently is complicated, but we've had hundreds of companies who have changed. They're now using different kind of refrigeration. They're getting electric vehicles for their fleets. They're changing the pipeline of suppliers, because they know that getting their supply chain, if everybody is in one part of the world and there's a flood or a drought, they lose their cotton crop. So it is very real what this all means to business and businesses are acting on it out of necessity, not because they're being virtuous or they want a green star, if there's someone out there to give it to them, that's not certainly the business we're in. We're working with companies, investors to get results, see them set goals and helping them have the tools, the methodologies to reach those goals, and it still is happening. It is not happening as fiercely and as strongly and audaciously as it was. And I think that's highly unfortunate. But the compelling case of the economics is so strong. Think about the economics of the clean energy economy, trillions of dollars being invested in new energy. That's having an impact on investors in the best sense. We're seeing more jobs because of the IRA, the inflation reduction act. So there's enough to hang on that shows acting on climate makes sense is a smart thing to do, but I will tell you, and I know it firsthand from meeting with and talking with the leadership of hundreds of companies and investors without the same external pressure, be it from the government or being from public goals that they said, things will move more slowly.

**Kousha Navidar:** Elsewhere in this episode, we're talking with Auden Schendler, who says that those pushing the idea of corporate sustainability, and he counts himself among them, are living a big green lie that the sustainability narrative makes corporations and shareholders, you know, feel better about themselves, but not really moving the needle. So for you, how do you distinguish between greenwashing and effective action?

**Mindy Lubber:** Yeah. I am not here to be a cheerleader for anyone, but to look at the facts and the end results. But if the auto companies who have opposed some air pollution regs and supported others, if they are now staying with their commitment to no combustion engine vehicles by 2035. It means they're investing billions of dollars now in their assembly line, because it takes seven or eight years from concept and idea to what comes off the assembly line. That's not greenwashing. Maybe they said they're going to do 90 percent and maybe they'll only do 85. We don't know that, but in every instance we ought to give credit where people are showing they're making a change. and not if they're not.

**Kousha Navidar:** And, and where there is real accountability, you're saying.

**Mindy Lubber:** That's right. And there are facts. I mean, this is fact-driven and we are seeing emissions going down in many, many industry sectors because of changes they've made. Again, not enough, but there needs to be accountability. And I am concerned. We fought for more years than I'd like to think about, but certainly about 15 to pass or to see the SCC write a rule on climate risk disclosure. They wrote a rule. You know, it had more feedback and comments than any other rule, and in the end, it was just pulled back by this administration. They're not going to go forward. We need to make sure those disclosure standards are in place to really determine who's doing what they say they're doing. A lot of the U.S. companies now are being driven by European standards that are quite strong, and we have to hope those standards stay in place.

**Kousha Navidar:** So for you as a person who has a perch among all these different businesses, all of these different initiatives, and you see corporations at so many different stages of the lifecycle of what is accountable and deliverable for climate risk, how do you think corporations can be compelled to do better?

**Mindy Lubber:** Look, whether it's businesses or investors, both analyzing the risk and responding to it and looking at the opportunities, we don't solve the problem without putting more money into renewables, here as well as in the global South, we've seen because of the IRA, the inflation reduction act, which was a very important law that was passed. And I think some are trying to claw back some of that money. It has created economic windfalls in states, blue states and red states and purple states it's brought jobs. And literally we have seen several hundred thousand new jobs come into those communities. We want to see more of that, more money going into building new battery plants, building new steel plants.

**Kousha Navidar:** So is it that pressure, is it the policy pressure or maybe not pressure is a cynical way of looking at it, but working from policy first, or is it, within the organization itself?

**Mindy Lubber:** It's a combination of things, I think there's no doubt that policy change is very important, because when you change your policy, it impacts hundreds and thousands of players to all live by the same standards and play by the same rules. If everything is voluntary, everybody's going to have a different plan, a different goal, different metrics, different design, different levels of ambition. That's where we're going to be at now for a little while. And we need to make sure that we do our best within that environment. It's unlikely that major bills are going to pass at the federal level. We will see some change at the state level. And there's a lot of action there and a lot of movement is going from federal level to the state level. But we also have to continue to make the case of the importance of acting on climate because economically it will do us in. If we don't act on it and act on it sooner rather than later. Waiting 5 years. It's too late.

**Kousha Navidar:** Mindy Lubber is CEO of Ceres. Mindy, thanks so much for joining us.

**Mindy Lubber:** Keep at it folks. A lot to talk about. Thank you and take care.

**Kousha Navidar:** And that's our show. Thanks for listening. Talking about climate can be hard, and exciting and interesting -- AND it's critical to address the transitions we need to make in all parts of society. Please help us get people talking more about climate by giving us a rating or review. You can do it right now on your device. Or consider joining us on Patreon and supporting the show that way.

**Greg Dalton:** Climate One is a production of the Commonwealth Club. Our team includes Brad Marshland, Jenny Park, Ariana Brocious, Austin Colón, Megan Biscieglija, Kousha Navidar, and Ben Testani. Our theme music is by George Young. I'm Greg Dalton.