



Standard Pacific Climate Change—2011 Resolution

The Intergovernmental Panel on Climate Change (IPCC) has suggested that warming of the climate system is unequivocal, that a link exists between global warming and greenhouse gas emissions (GHG) and that human activity is the primary contributor. As a result, debate surrounding climate change now focuses not on whether a problem exists, but rather on the best means for abatement and adaptation.

The IPCC report, *Climate Change 2007: Impacts, Adaptation and Vulnerability*, concludes, “Taken as a whole, the range of published evidence indicates that the net damage costs of climate change are likely to be significant and to increase over time.” *The Stern Review: The Economics of Climate Change* reports that the concentration of greenhouse gases in the atmosphere could reach double its pre-industrial level as early as 2035. In addition, it reports that the overall costs of climate change will be equivalent to losing at least 5% of global GDP each year now and into the future. Moreover, if a wider range of potential impacts is taken into account, the estimates of damage could rise to 20% of GDP or more. In addition, the consequences of a rise in global temperatures are expected to have significant adverse impacts and important economic implications for select markets and industries, including companies in the homebuilding industry, some of whose products can have relatively large carbon footprints.

Architect 2030, a non-profit, non-partisan, independent agency, reports that the building sector is responsible for 50.1% of total annual US energy consumption, and 49.1% of total annual US GHG emissions. The EPA estimates that the residential end-use sector accounted for 21% of CO₂ emissions from fossil fuel combustion in 2008. With residential end-use accounting for such a high proportion of GHG emissions stemming from fossil fuel combustion, a number of studies appearing in *The McKinsey Quarterly* have focused on energy efficiency improvements in residential dwellings as a potential source of emission reductions. These studies note in particular that the residential sector represents the single-largest opportunity to raise energy productivity and that nearly a quarter of cost-effective GHG abatement potential involves efficiency enhancing measures geared at reducing demand in the building sector.

Increasingly, investors are requesting increased corporate disclosure to better understand the business implications of climate change and other environmental business practices of companies in their investment portfolios. This includes a consideration of how climate change might affect company profitability. Through the requested evaluation and reporting process, Standard Pacific can identify gaps and develop quantitative goals for improved business practices that could lead to a significant competitive advantage, and/or avoid unnecessary future costs that could adversely affect the Company’s profitability.

Resolved: Shareholders request that the Board of Directors adopt quantitative goals, based upon available technologies, for reducing greenhouse gas emissions from the Company’s products and operations and report to shareholders by December 31, 2011 on the plan to achieve these goals. Such a report will omit proprietary information and be prepared at a reasonable cost.