

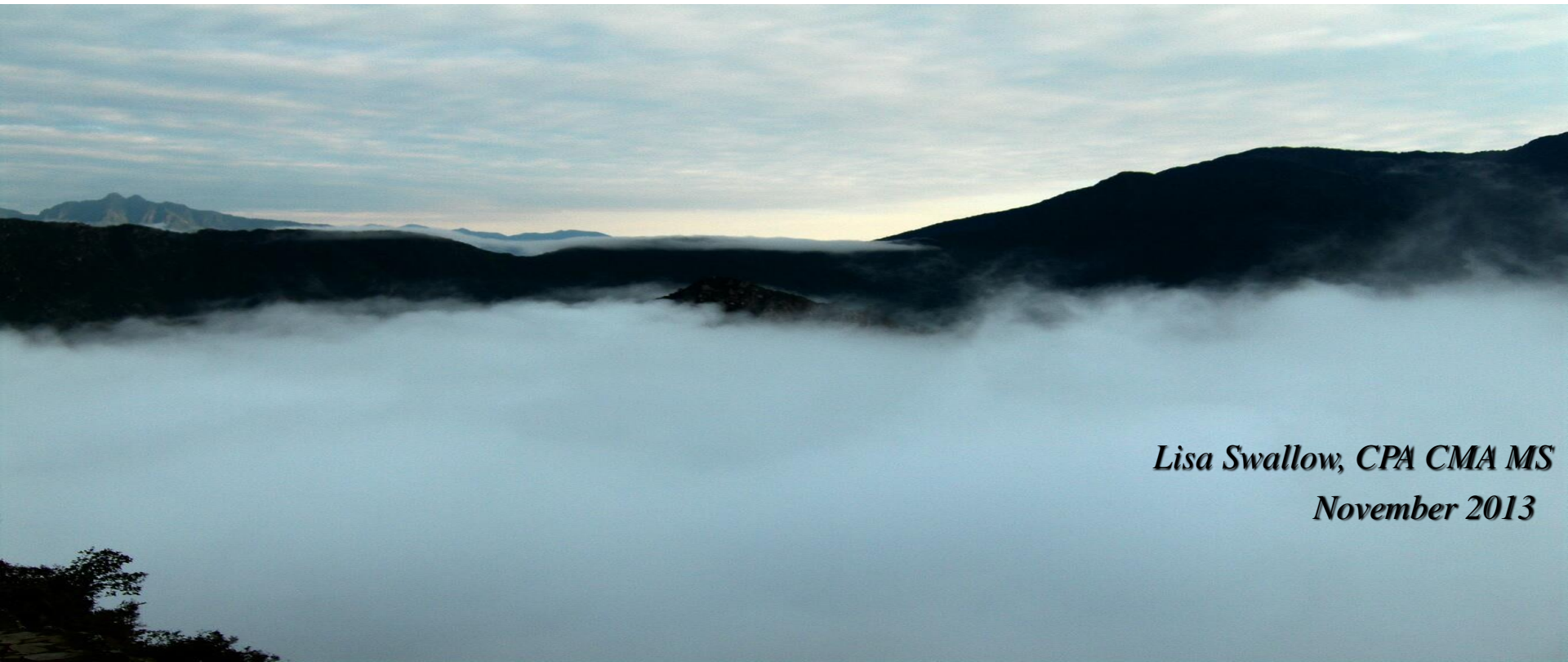
From Paul Hawken's Commencement Address

“...If you look at the science about what is happening on earth and aren't pessimistic, you don't understand data.

...But if you meet the people who are working to restore this earth and create a new business model, and you aren't optimistic, you haven't got a pulse.”

Can Business Rise to the

Climate Change Challenge?



Lisa Swallow, CPA CMA MS

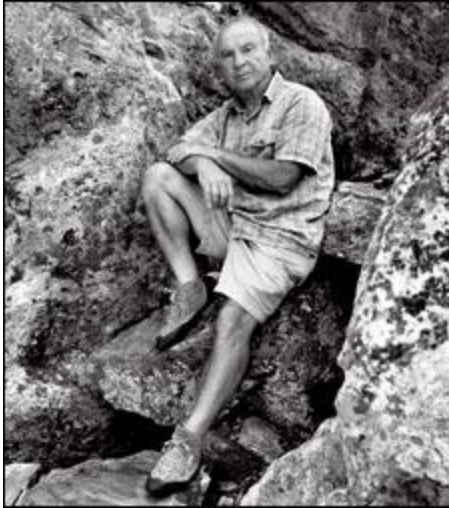
November 2013

“Solving” Climate Change

- Governments
- Markets
- NGOs
- Individual behavior
- Businesses of all sizes
- Policy makers of all levels
- UN-led efforts



Early Visionaries – Value Congruent



Source sustainable raw materials
Reduce packaging
Early green builder
Percentage of gross revenue to
environmental activism

Patagonia's Mission Statement

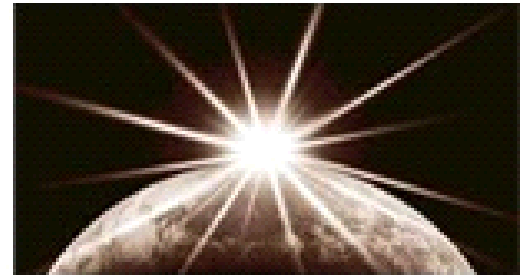
Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.

Imagine living up to this lofty goal while building \$250,000,000 enterprise

Environmental imperative – business risks & opportunities

Multiple business risks (and opportunities)

- Climate change-induced ecosystem shifts
 - Raw materials access impacted – fisheries, forest products, fibers, biodiversity-based products
 - Water tables
 - Transportation/energy systems shifting
 - Natural disasters intensifying – insurance costs
 - Physical facilities impacted
 - Certain industry sectors particularly exposed – ag, tourism, etc.
- Energy related regulations/markets
 - Carbon taxing/capping
 - Evolving capital markets - institutional investor shift



Social Imperative

- Global inequity is increasing
 - 20% of the world consumes 80% of its resources
 - Markets in developed world saturated
 - 30,000 people die every day from poverty related causes – an opportunity Stu Hart calls BOTP
 - Eco refugees – ‘caused’ by globalization
 - Human health ramifications
 - Zero/negative economic growth & mounting debt



Incorporating climate change into biz model is “Just Good Business!!”

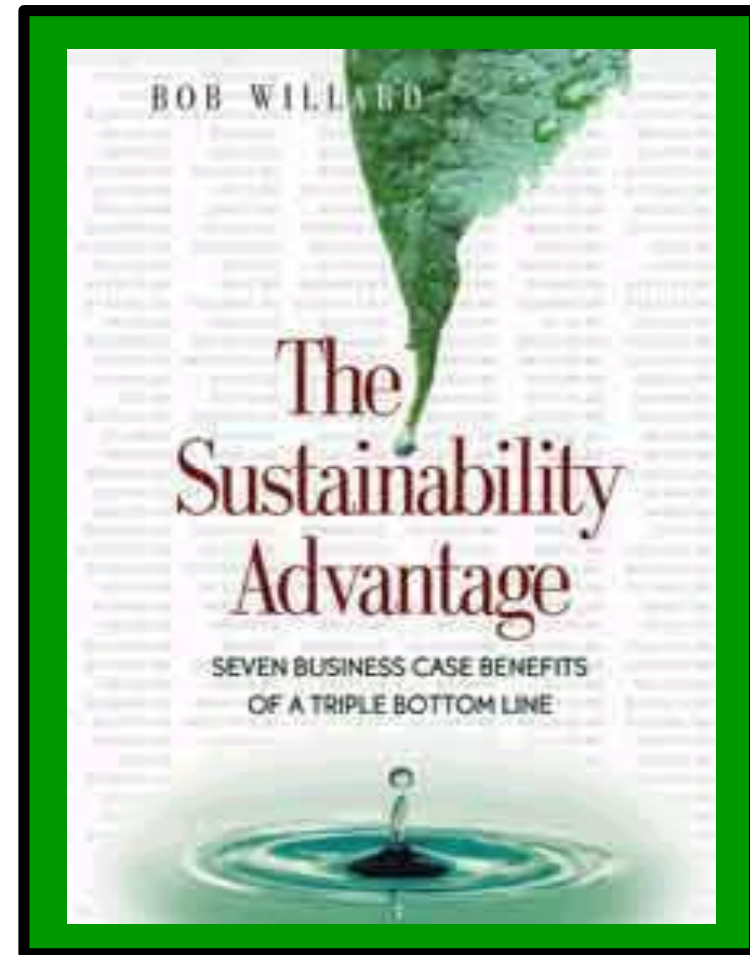
- Risk reduction
- “Business case for sustainability” - TBL
- Innovation opportunities for the impending green economy are limitless
 - Clean energy
 - Consumer products
 - New services
 - Green building products
 - Many early adopter niches going mainstream



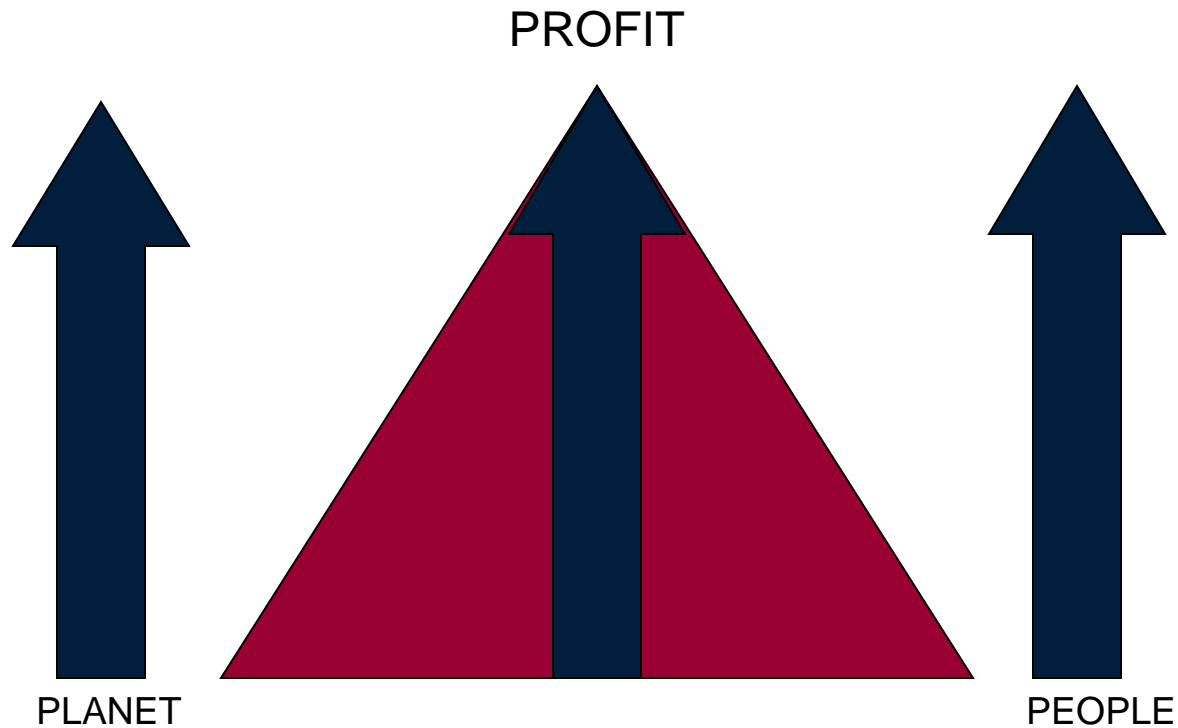
Sustainability Driven Innovation

Sustainable Development implies

- a business strategy that propels the firm to succeed commercially
- while contributing to a globally sustainable world
- while considering effect of decision on the triple bottom line



Triple Bottom Line



Also called 3E – Environment, Equity & Economics

Financial Impetus for Change

- Brand imaging/marketing
- Cutting operating costs
 - Waste
 - Water
 - Energy
 - Materials
- Increasing access to capital - interest in investment world in socially responsible and sustainable companies
 - SRI - \$3.2 trillion
 - Response to activist shareholders
- More loyal/motivated employees

Eco-efficiencies



Market Recognition



Investor Network on Climate Risk
Managing Climate Risk and Capturing Opportunities



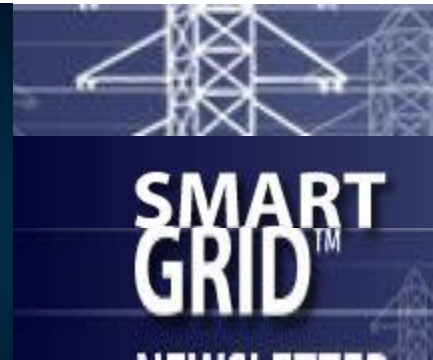
1 in \$9 now in SRI

22% growth in 2004-2012



Vast Opportunities for Big Business

- Smart grids
- Distributed energy
- Hydrogen infrastructure
- Water desalinization and purification
- Renewable energy
- Energy efficiency
- Green building products
- New financial services and markets
- Alternative transportation models
- New manufacturing processes



Opportunities for Small Business

Enhance revenue stream - green market niche
Increase customer, employee and vendor loyalty

Reduce operating costs



Entrepreneurial products in 'early market'

Small, lean and flexible



Austin Independent Business Alliance
Local Spoken Here.

Fear Factor + Opportunity = Change

10 Market Forces	
5 Mega-Issues	5 Demanding Stakeholders
Climate Change	Green Consumers
Pollution & Health	Activist Shareholders
Globalization Backlash	Civil Society / NGOs
Energy Crunch	Government Regulators
Erosion of Trust	Financial Sectors

GHG reduction mandates are becoming more accepted as inevitable

Risk Mitigation

Q: What do corporations fear more than anything?

A: Risk!

A: Regulation!

Activist shareholders are forcing companies to disclose how they are preparing for GHG-reducing regulation Scenarios. They are also gaining momentum directing corp. strategies!



CC Risk Mitigation Plans



- Assumption is CC will impact different industry sectors differently
 - Geographic location critical too
- Formal risk assessment
 - Physical risk
 - Regulatory risk
 - Fixed asset risk
 - Product risk
 - Competitive risk
- Develop policies & procedures
 - Including specific targets
- Benchmark – transparency with peers
 - Carbon Disclosure Project

“GE plans to more than double its investment, in technologies that include cleaner coal-fired power plants, a diesel-and-electric hybrid locomotive and agricultural silicon that cuts the amount of water and pesticide used in spraying fields”.

Beyond Operational Effectiveness

Look for Strategic Value Added Options

- New products (Toyota – Prius)
- Lead in industry restructure (Johnson Control – Empire State Building)
- Innovate processes (Alcoa – reduced energy to create ton of aluminum by 8%)

Changes that add value to the firm's operations and are hard for competitors to mimic, at least initially, are strategic

Commerce Needs Policy & Direction

- Desirable Policy Attributes
 - Simplicity/Transparency
 - Certainty of effect on individual business
 - Macro economic development impact is measurable



Who is at the Policy Table?

Investor Network on Climate Risk

- ❑ \$6.5b of assets under management – 450 *institutional investors*
- ❑ Powerful group – formed 2005
 - Released Progress Plan
 - Released Climate Risk Action Plan
 - Call on legislators to do 3 things
 - Reduce regulatory uncertainty
 - Provide incentives for solutions
 - Minimize risk – why critical?



Investor Network on
CLIMATE RISK

a project of **Ceres**

Industry Flexes its Muscles

"In our view, the climate change challenge will create more economic opportunities than risks for the U.S. economy."

USCAP is an expanding alliance of major businesses and leading climate and environmental groups that have come together to call on the federal government to enact legislation requiring significant reductions of greenhouse gas emissions.



USCAP
United States
Climate Action
Partnership

"We are committed to a pathway that will slow, stop and reverse the growth of U.S. emissions while expanding the U.S. economy."

Diverse Voices Represented

Member Organizations:



BLUEPRINT FOR LEGISLATIVE ACTION

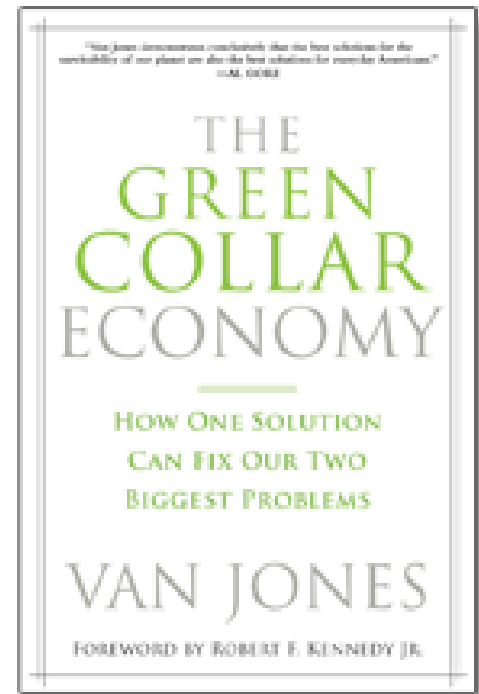
Shareholders are at Policy Table

- 2011 proxy season – 50% increase over prior year
 - Hydraulic fracturing
 - Global water scarcity
 - Sustainable palm oil sourcing
 - Use of renewables/CO₂ emissions
 - First ever resolutions to propose linking exec comp to sust. metrics
- 2010 - 40% increase in resolutions over 2009
 - Record 95 climate change-related shareholder resolutions
 - ExxonMobil & ConocoPhillips & Massey
 - Regulatory risk from oil sands
 - Safety and environmental records



"The Green Recovery"

- How to transition to a low-carbon economy
 - Focus on six areas:
 - Retrofitting existing buildings
 - Expand mass transit/freight
 - Construct 'smart grids'
 - Wind projects
 - Solar projects
 - Next gen biofuel projects
 - ST creation of 2,000,000 jobs



Sustainability Profiles

- Timberland
- Herman Miller
- Grameen Bank



Timberland

■ Drivers

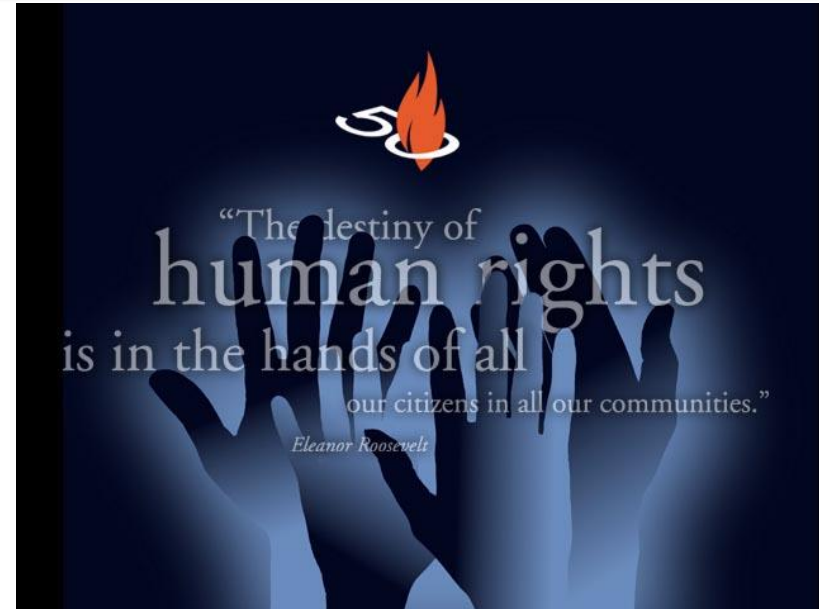
- Activist shareholders

■ Specifics of implementation

- Solar powered distribution facility
- Hired Verite'
- International Labor Code of Ethics

■ Triple Bottom Line effect

- People – Increased productivity in foreign facilities
- Planet – reduce 4200 metric tons CO₂
- Profit – Increased shareholder value two fold in 3-year time period



RESPONSIBILITY RUNS DEEP.

READ THE MOST RECENT CORPORATE
SOCIAL RESPONSIBILITY REPORT



Herman Miller Furniture

"We contribute to a better world by pursuing sustainability and environmental wisdom. Environmental advocacy is part of our heritage and a responsibility we gladly bear for future generations."

-Excerpted from Herman Miller's Corporate Values Statement



“PERFECT VISION PROGRAM”

Grameen Bank

■ Drivers

- Break vicious cycle of poverty and lack of access to capital

■ Specifics of implementation

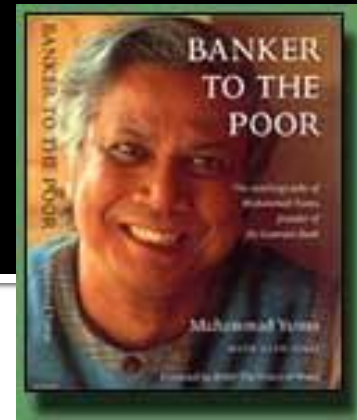
- Microfinance
- Grameen Bank's Method of Action

■ Triple Bottom Line effect

- People – Increased standard of living 90%
- Planet - Sustainable products
- Profit – Family of enterprises - \$5b

You too can be a microfinancier

www.kiva.org





***There's no business to be done
on a dead planet.***

---David Korten