

Can Business Rise

to the Climate Change Challenge?

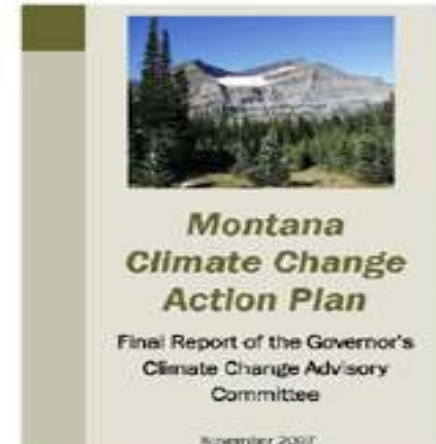
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4/09

"Solving" Climate Change

Every level everywhere - global efforts

- Governments
 - Markets
 - Nonprofit orgs
 - Individual behavior
- and
- Businesses of all sizes



THE WHITE HOUSE
PRESIDENT GEORGE W. BUSH

Early Visionaries



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

An "Unlikely" Visionary



First oil industry
exec to break with
Global Climate
Coalition in 1997



Led to demise as
Shell, Ford,
Chrysler, Texaco
and GM followed
suit

Environmental Imperative

- How climate change-induced ecosystem shifts impacts business:
 - Raw materials access impacted
 - Water tables dangerously low
 - Dramatic decline in fisheries, forest & coral reefs & loss of biodiversity
 - Natural disasters intensifying – insurance costs
 - Carbon taxing/capping

“The concept that business must operate within boundaries of Natural Capital”

Social Imperative

- Global inequity is increasing
 - 20% of the world consumes 80% of the world's resources (markets becoming saturated)
 - *30,000 people die every day from poverty related causes*
 - Eco refugees – 'caused' by globalization
 - Human health ramifications
 - Institutional investor shift
 - Zero/negative economic growth & mounting debt



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

- Innovation opportunities for the impending green economy are limitless
 - Clean energy
 - Consumer products
 - New services
 - Green building products
- Many early adopter niches going mainstream
 - Solar, organic food, naturopathy, etc.

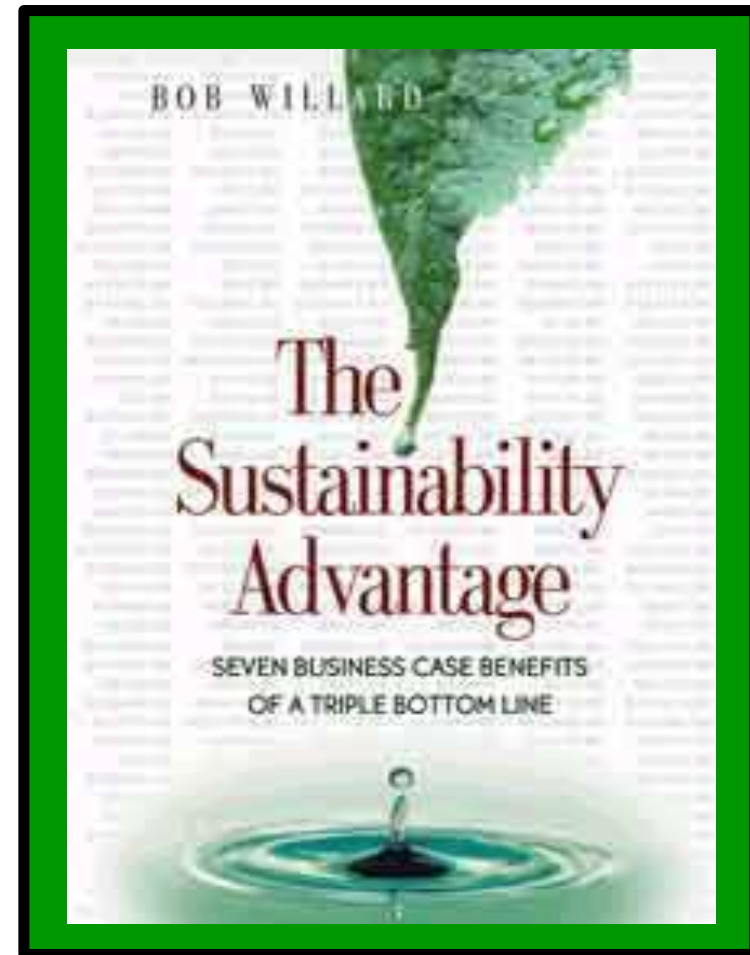


Sustainability Driven Innovation

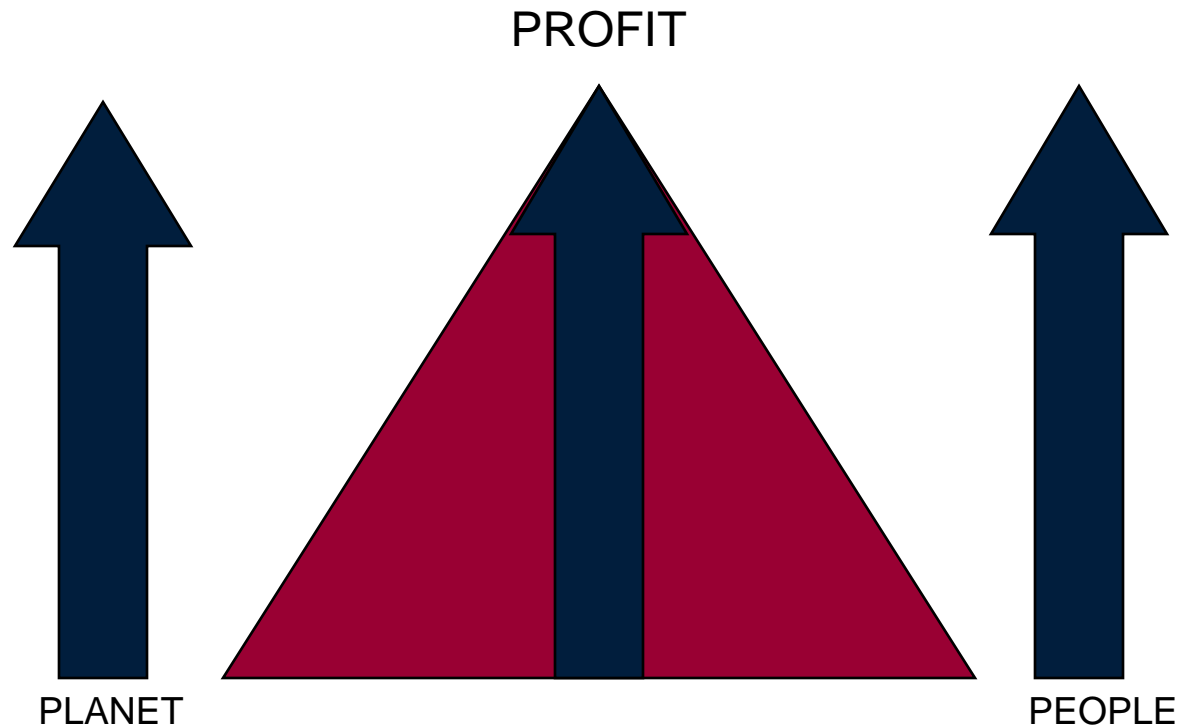
Sustainable Development implies

- a business strategy that
- propels the firm to succeed commercially
- while contributing to a globally sustainable world.

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
 - Renovate rather than build
- Increasing interest in investment world in socially responsible firms
 - SRI - \$2.29 trillion
 - Response to activist shareholders

Eco-efficiencies



Vast Opportunities for Big Business

Large corporations will experience growth solving the world's problems
for the poorest 4 billion people

- 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



Opportunities for Small Business

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

Reduce operating costs



Entrepreneurial products in 'early market'



Austin Independent Business Alliance
Local Spoken Here.

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



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

Carbon Disclosure Project 2005

On behalf of 155 investors with assets of \$21 trillion.

71% of Global 500 companies identified “continued elevation of climate change as a critical shareholder value issue in the minds of investors”

Who Else is at the Table?

- Investor Network on Climate Risk
 - \$6.5b of assets under management
 - 3/08 – summit
 - 450 CEOs/institutional investors
 - Released Progress Plan [since 2005]
 - Released Climate Change Action plan
 - Unprecedented
 - Call on legislators to do 3 things:
 - Reduce regulatory uncertainty
 - Provide incentives for solutions
 - Minimize risk – why critical?



Investor Network on Climate Risk
Managing Climate Risk and Capturing Opportunities

Market Recognition



1 in \$10 now in SRI

18.5% growth in 2004-2007



Sustainability Reporting



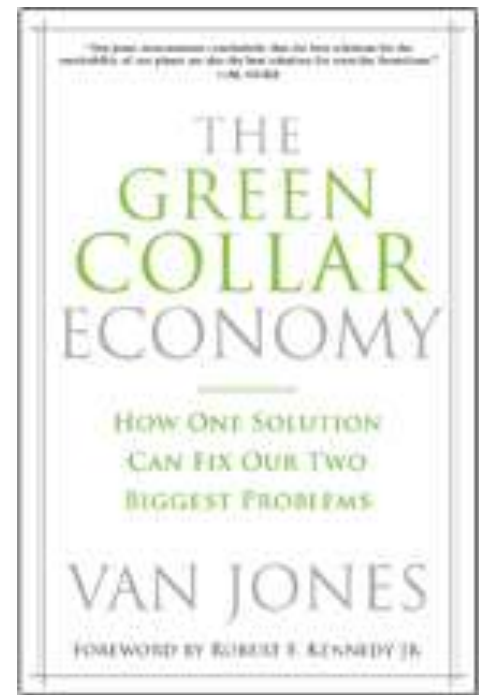
Measuring social footprint



Measuring corporate ecological footprint

"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



How to spend \$560000000000

- \$23b in tax credits for private investors for retrofitting/renewable energy projects
- \$29b in direct public spending
 - Retrofit public buildings and infrastructure changes like transmission lines and rail
- \$4b in directly underwriting loans to individuals

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



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

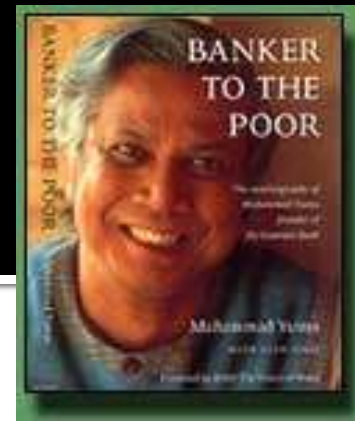
- Break vicious cycle of poverty and lack of access to capital

■ 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



How Strongly do I Feel About Business' Impact?



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

---David Korten



Sustainability

Questions to ponder



*Can **any** business go green - Including Walmart ?*

- Currently contribute an astounding 0.2% of all CO₂ emission in the US
 - Green building efforts
 - Making organic food affordable
 - Goal: 100m CFLs sold

“The High Cost of Low Price”