

# Can Business Rise to the

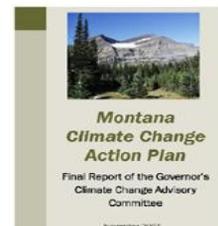
## Climate Change Challenge?



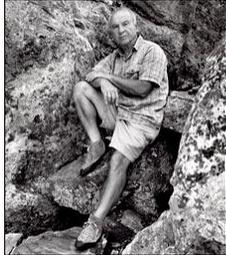
## “Solving” Climate Change

Every level everywhere - global efforts

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



## 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 including dramatic decline in fisheries, forest & coral reefs & loss of biodiversity
- Water tables dangerously low
- Natural disasters intensifying – insurance costs
- Energy volatility – availability and pricing
- Carbon taxing/capping

CREATING THE NEXT INDUSTRIAL REVOLUTION

## Natural Capitalism

## Social Imperative

- Global inequity is increasing
  - 20% of the world consumes 80% of the world's resources (markets becoming saturated)
  - 4 billion people live at BOP: *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

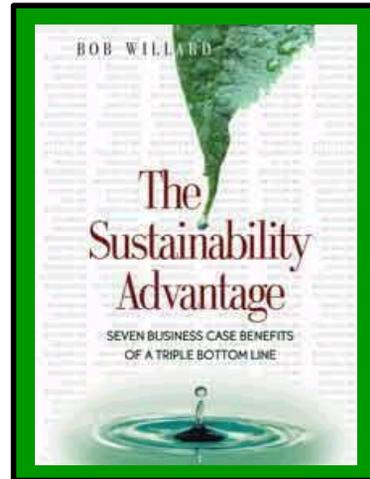


# Sustainability Driven Innovation

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.



# Financial Impetus for Change

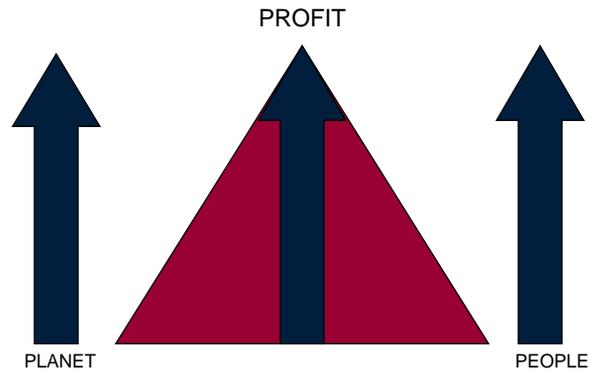
- Brand imaging/marketing
- Cutting operating costs
  - Waste
  - Water
  - Energy

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



# Triple Bottom Line

Also called 3E – Environment, Equity & Economics

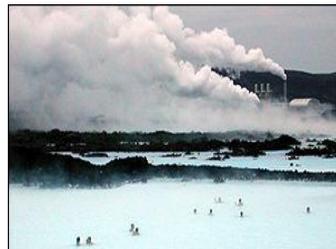


Jill Bamburg, 2005

## Vast Opportunities for Big Business

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

- Smart grids - V2G
- 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 Indie Businesses

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



Reduce operating costs



Entrepreneurial products – way to differentiate



## 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"

# 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

## 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

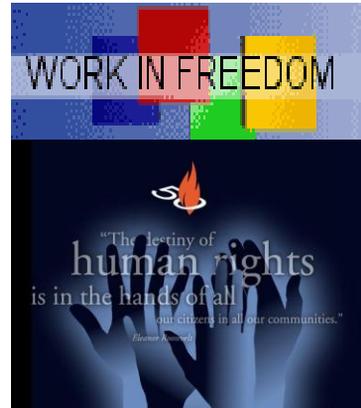
# Sustainability Profiles

- 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 4,200 metric tons CO<sub>2</sub>
  - Profit – Increased shareholder value two fold in 3-year time period



# Herman Miller Furniture

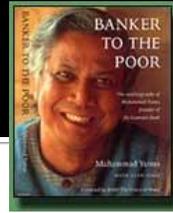
"We contribute to a better world by pursuing sustainability and environmental wisdom. Environmental advocacy is part of our heritage and a responsibility we gladly bear for future generations."

*-Excerpted from Herman Miller's Corporate Values Statement*



“PERFECT VISION PROGRAM”

# Grameen Bank



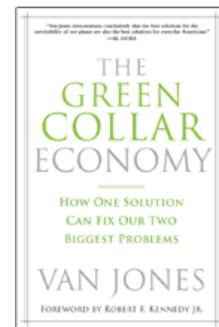
- Drivers
  - Break vicious cycle of poverty and lack of access to capital
- Specifics of implementation
  - Microfinance
  - Grameen Bank's Method of Action
- Triple Bottom Line effect
  - People – Increased standard of living 90%
  - Planet - Sustainable products
  - Profit – Family of enterprises - \$5b



## "The Green Recovery"\*

- How to transition to a low-carbon economy
- \$100 billion economic stimulus package
  - 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 in 2 years

\*[http://www.peri.umass.edu/fileadmin/pdf/other\\_publication\\_types/peri\\_report.pdf](http://www.peri.umass.edu/fileadmin/pdf/other_publication_types/peri_report.pdf)

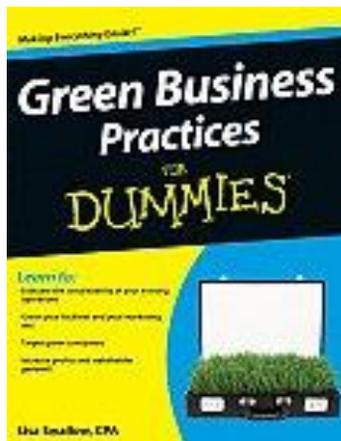


# How to spend \$10000000000

- \$50b in tax credits for private investors for retrofitting/renewable energy projects
- \$46b in direct public spending
  - Retrofit public buildings and infrastructure changes like transmission lines rail
- \$4b in directly underwriting loans to individuals



# How Strongly do I Feel About Business' Potential for Influence?



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

---David Korten



Sustainability

## Questions to ponder



*"The High Cost of Low Price"*

Can *any* business go green –  
including Walmart?

- Currently contribute an astounding 0.2% of all CO<sub>2</sub> emission in the US
  - Green building efforts
  - Making organic food affordable
  - Goal: 100m CFLs sold