

Can Business Rise to the

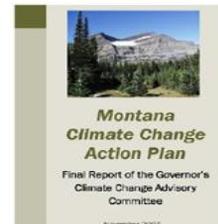
Climate Change Challenge?



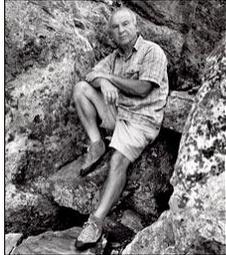
“Solving” Climate Change

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

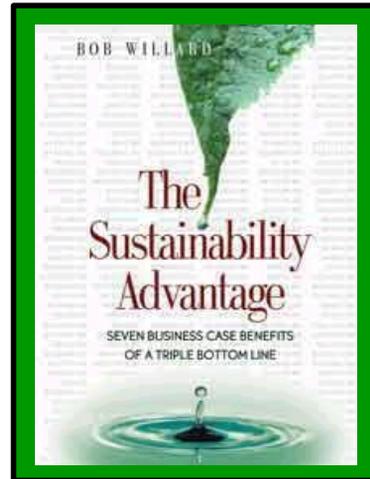


Sustainability Driven Innovation

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

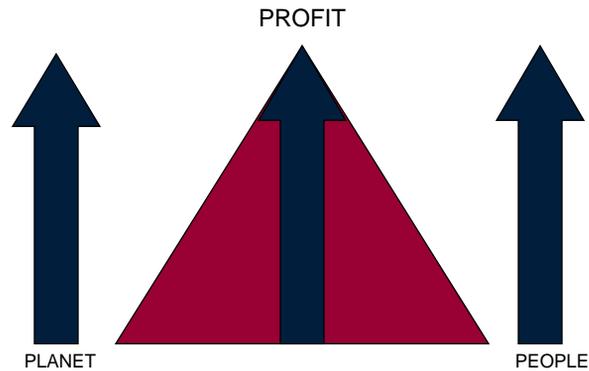
- Brand imaging/marketing
- Cutting operating costs
 - Waste
 - Water
 - Energy

} 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

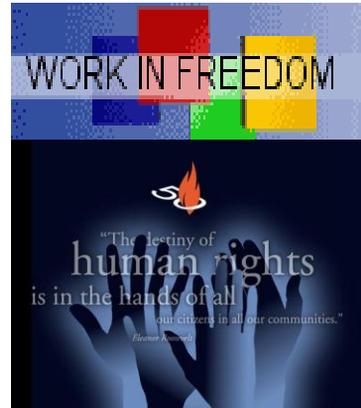
Sustainability Profiles

- 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 CO₂
 - Profit – Increased shareholder value two fold in 3-year time period



Herman Miller Furniture

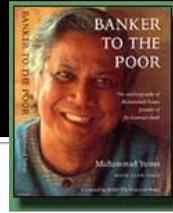
"We contribute to a better world by pursuing sustainability and environmental wisdom. Environmental advocacy is part of our heritage and a responsibility we gladly bear for future generations."

-Excerpted from Herman Miller's Corporate Values Statement



“PERFECT VISION PROGRAM”

Grameen Bank



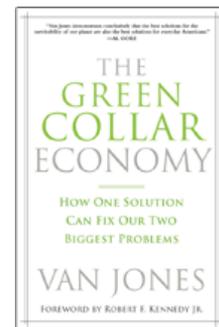
- Drivers
 - Break vicious cycle of poverty and lack of access to capital
- Specifics of implementation
 - Microfinance
 - Grameen Bank's Method of Action
- Triple Bottom Line effect
 - People – Increased standard of living 90%
 - Planet - Sustainable products
 - Profit – Family of enterprises - \$5b



"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

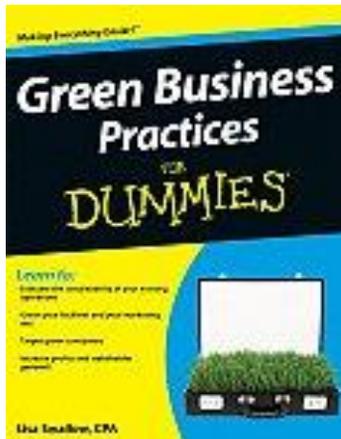


How to spend \$10000000000

- \$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 CO₂ emission in the US
 - Green building efforts
 - Making organic food affordable
 - Goal: 100m CFLs sold