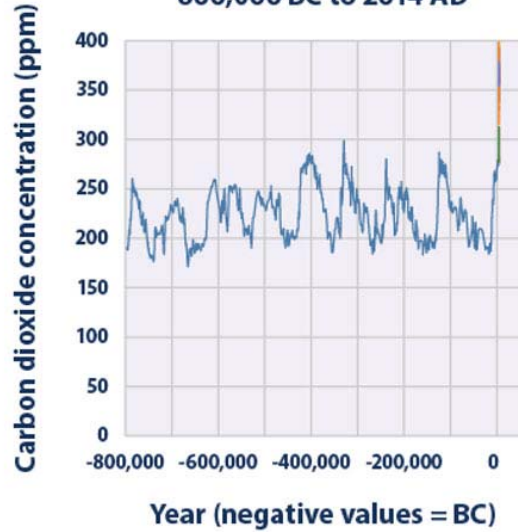
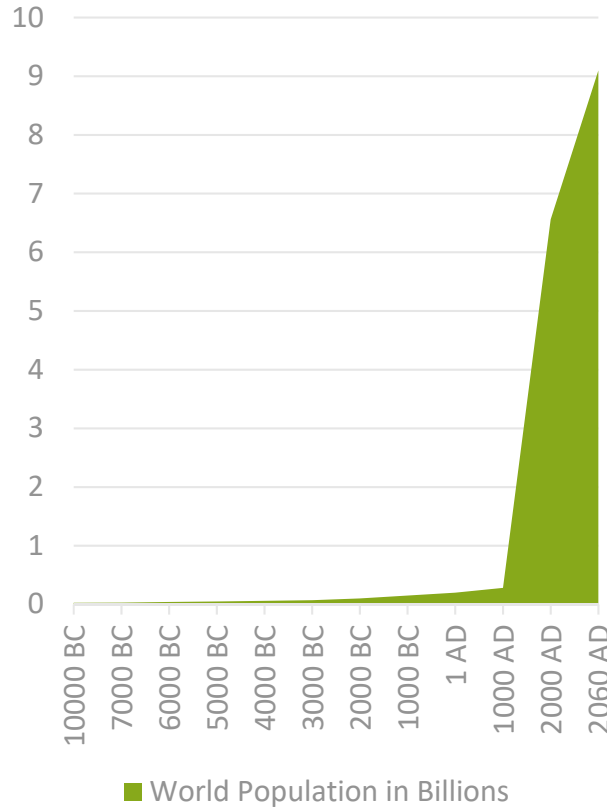


Greenhouse Gasses

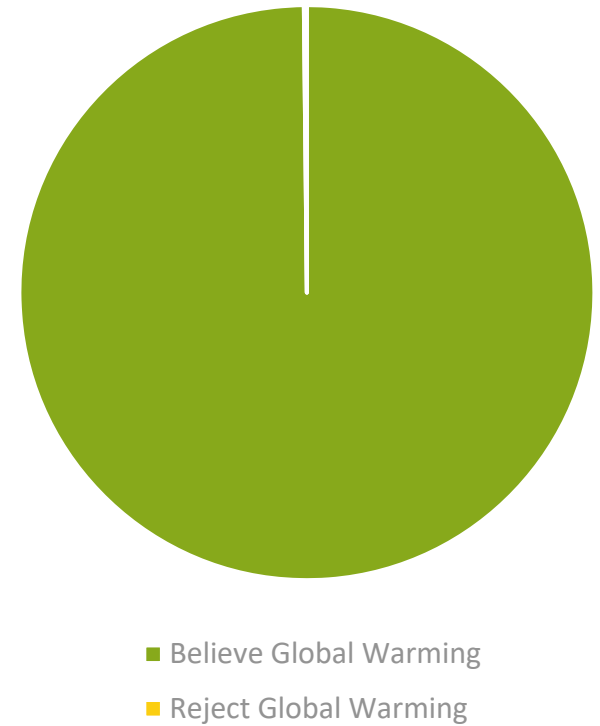
Global Atmospheric Concentrations of Carbon Dioxide
800,000 BC to 2014 AD



World Population



Peer-Reviewed Climate Articles



changequity

Buying High Carbon Businesses and
Transforming Them to Restorative, Market Leading Companies

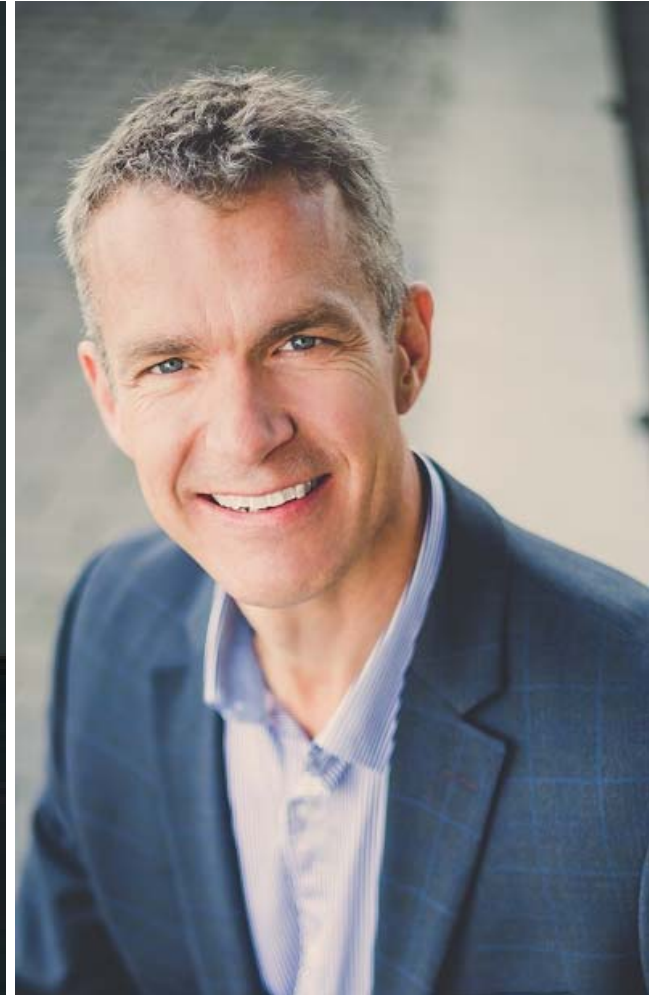
change



Robert Safrata



David Parker



Mike Gerbis

changequity

Buying High Carbon Businesses and
Transforming Them to Restorative, Market Leading Companies

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OUTLINE:

1. Business Benefits of Change

- a) Multiple strategies for increased profit*
- b) A timely opportunity and reduced risk*
- c) Resulting in higher valuations*

2. The Challenges are the Opportunity

- a) Old ways, deniers, and fear*
- b) Systems conditions vs Change*
- c) Leadership, experience and timing*

Business Benefits of Change

and the Triple Bottom Line

change

BUSINESS REASONS FOR SUSTAINABILITY

PEOPLE, PLANET, PROFIT

- Increase Revenue
 - New Products, New Processes
 - New Customers
 - Increased Productivity
- Reduce Costs
 - Energy
 - Waste, Materials
 - Efficient Systems (*customers will change their behavior*)
 - Reduced Turnover
- Build Brand
 - Differentiation
 - Positive Media
 - Access to Capital
 - Tight TPL supply chains
- Reduce Risk
 - Deselected as Supplier
 - Special Interest Groups
 - Regulators, Media

**50%-80% MORE
PROFITABLE**

PEOPLE, PLANET, PROFIT

“I find what we’re doing here very exciting. I thought this was just going to be a temporary job when I came here. Now I want to stay and make a difference.”

- Novex Customer Service Staff

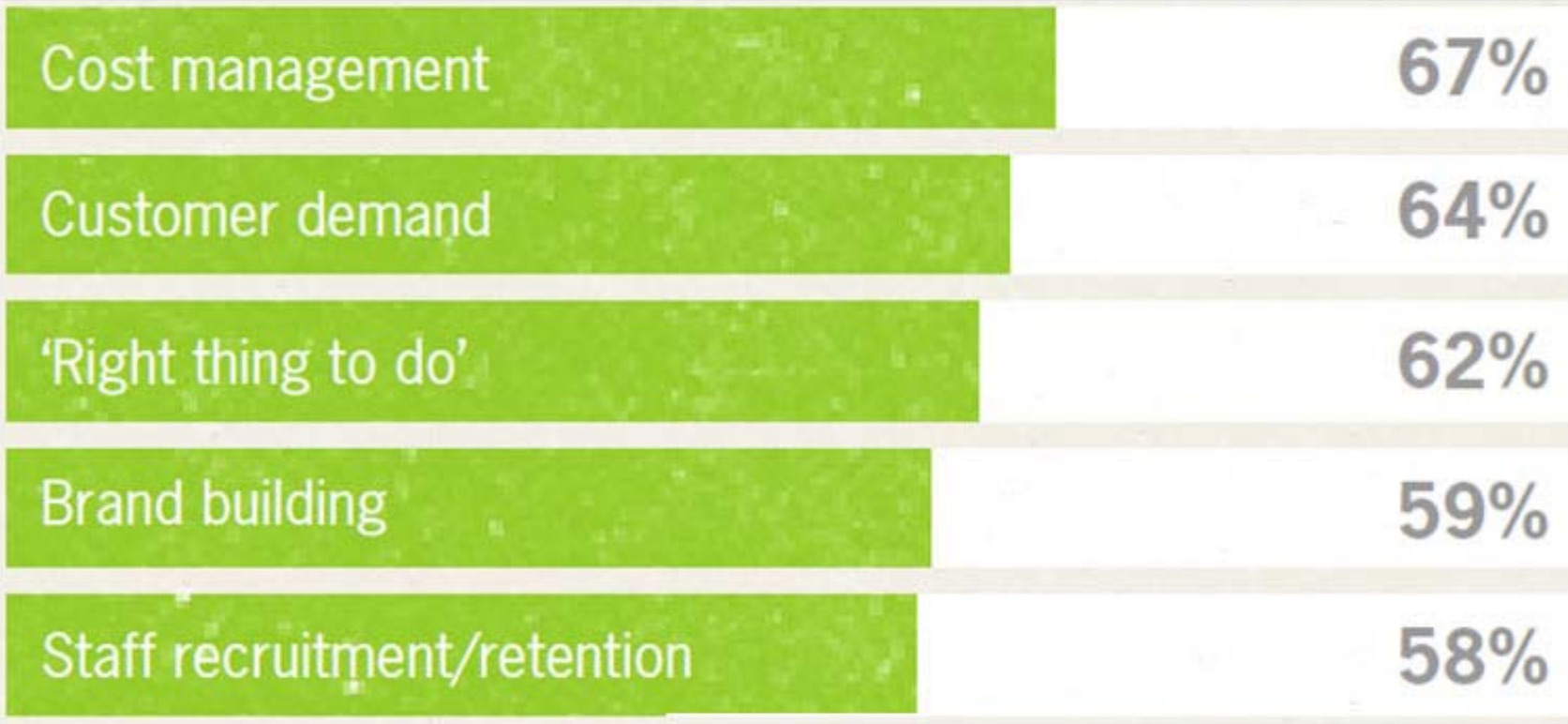
- less absenteeism
- reduced turnover
- Improved engagement

PEOPLE, PLANET, PROFIT

Reduced emissions using Hybrids

Courier Vehicles	HC (ppm)	CO (%)	Nox (ppm)
Before – Standard \$3K Vehicle	0.5728	6.1330	0.6030
After – \$30K Hybrid	0.0006	0.0952	0.0045
% Emissions Reduced	99.9%	98.45%	99.25%

PEOPLE, PLANET, **PROFIT**



PEOPLE, PLANET, **PROFIT**

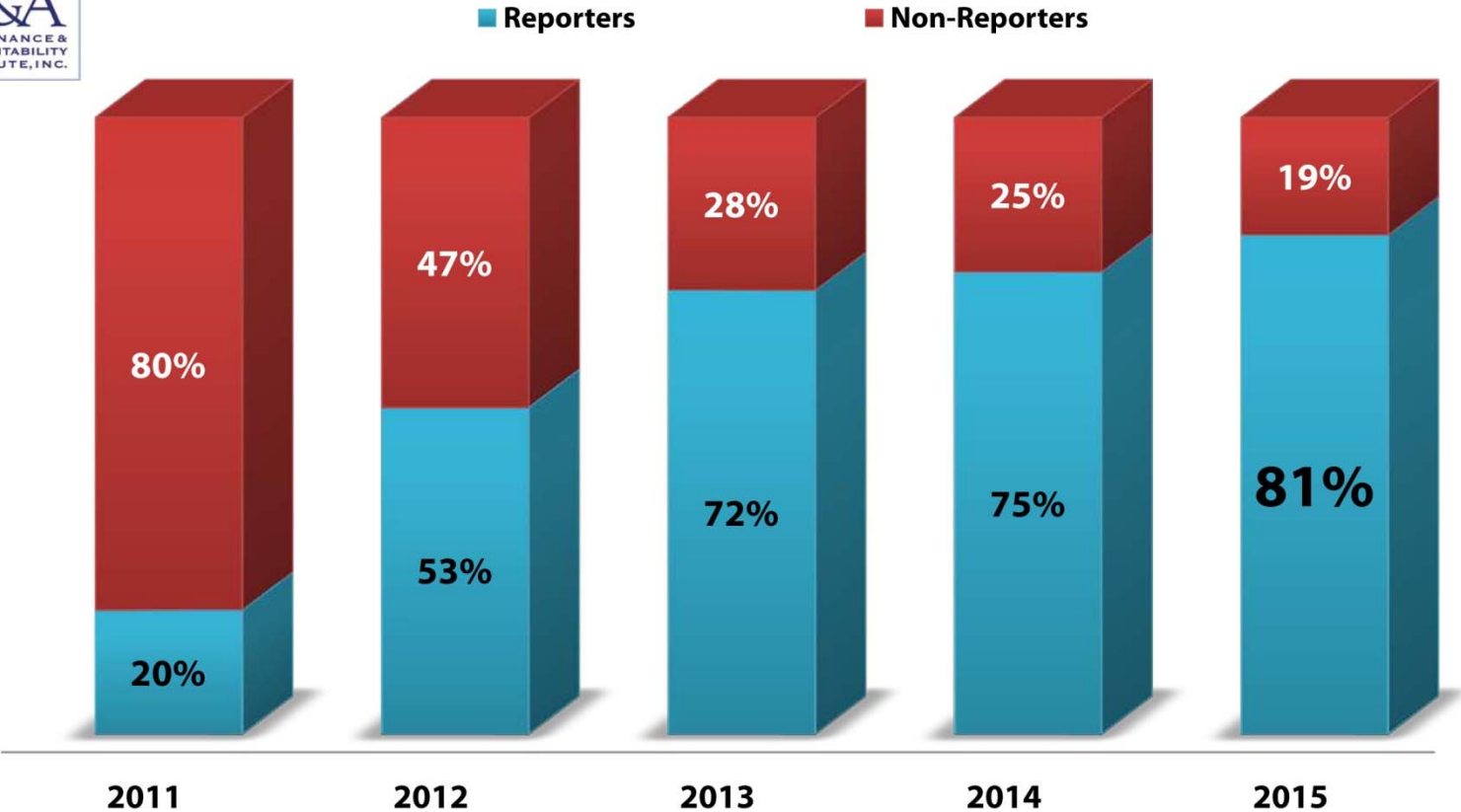
A Timely Opportunity for Change

change

ESG REPORTING IS GROWING



Governance & Accountability Institute Research Results S&P 500® Companies Sustainability Reporting



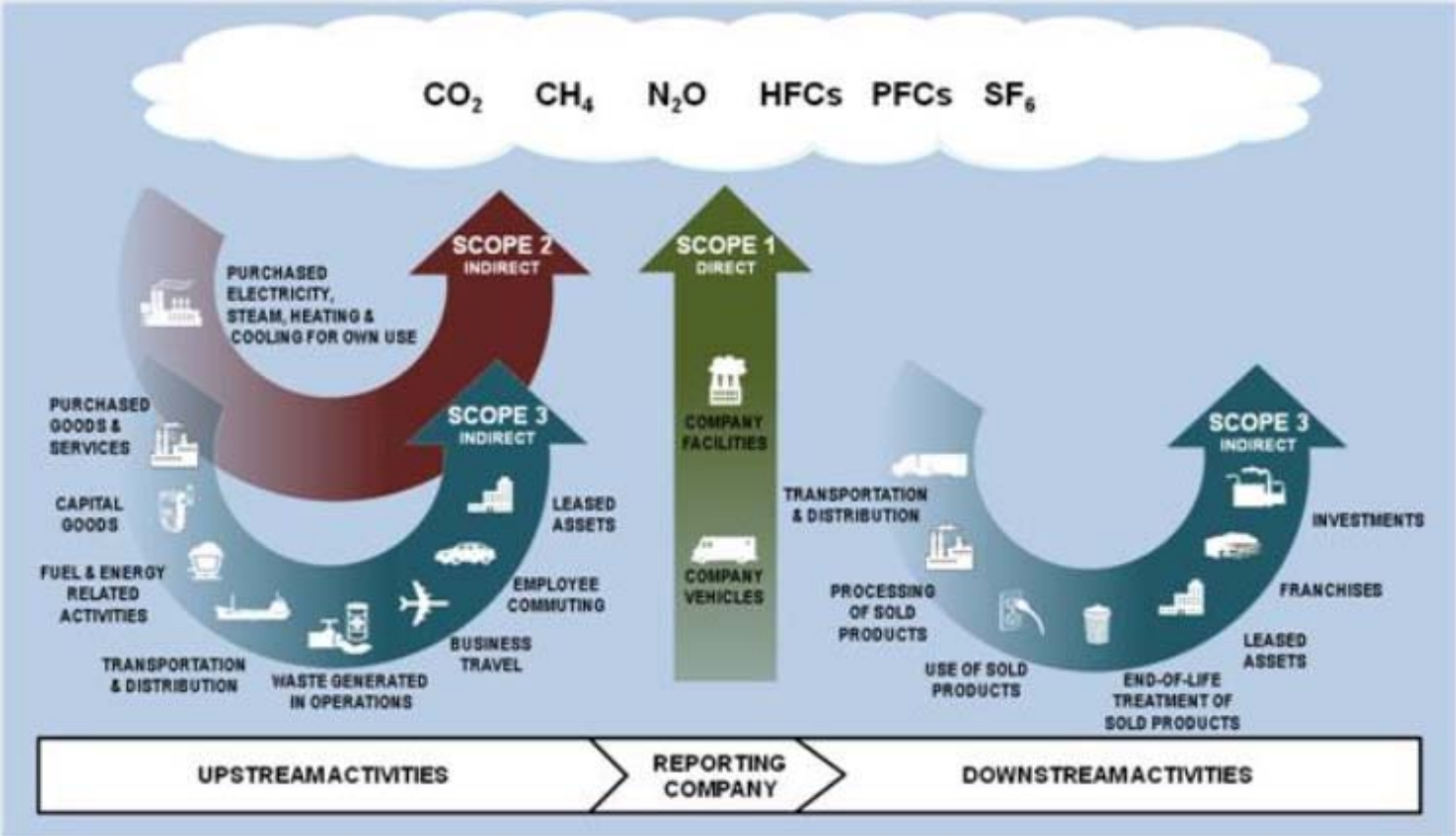
Source: Governance & Accountability Institute, Inc. 2016 Research— www.ga-institute.com

WHY CARE ABOUT EXTERNALITIES?

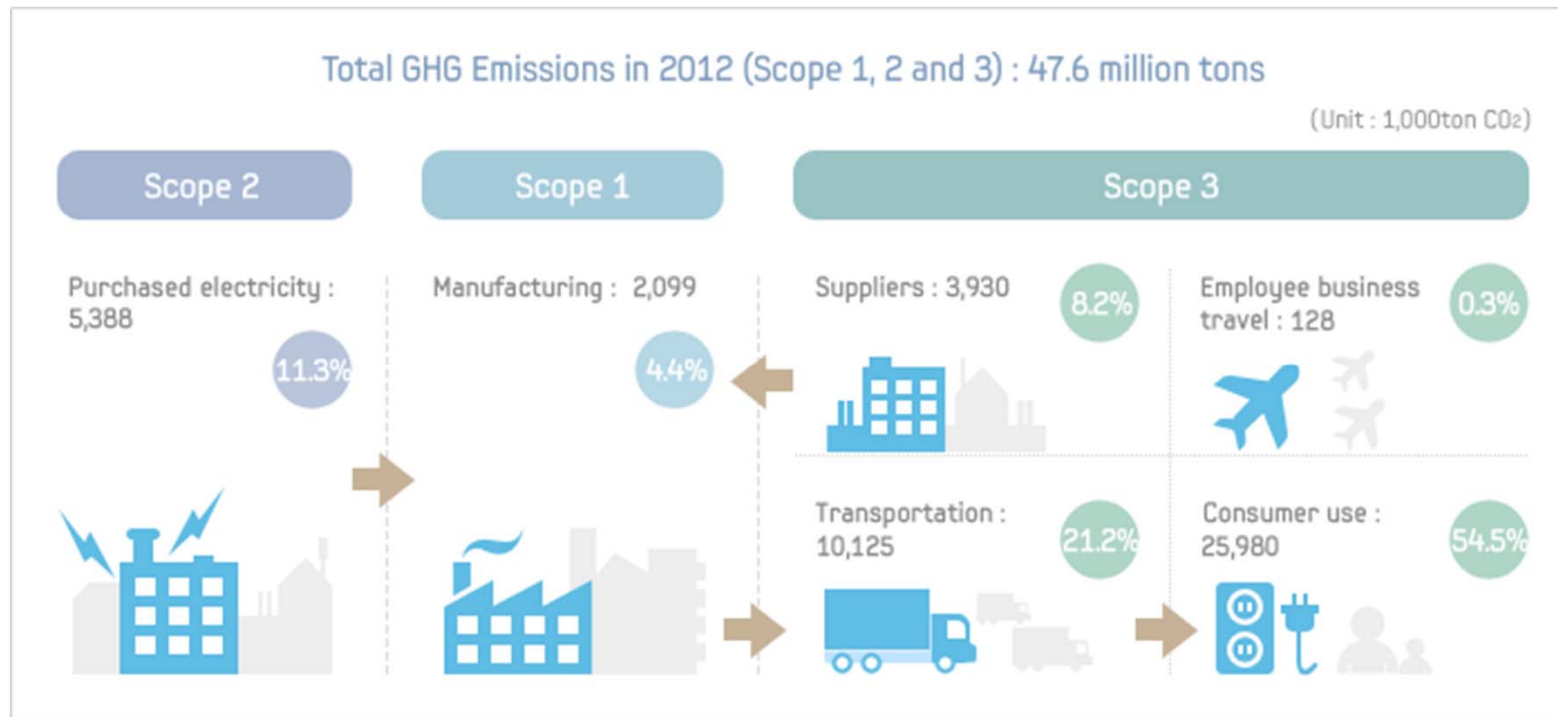


"I get that it was wrong. I don't get why it matters."

WHAT ARE EXTERNALITIES?



EXTERNALITIES ARE HOW SUPPLIERS WILL BE SELECTED



Financial Benefits of Change

change



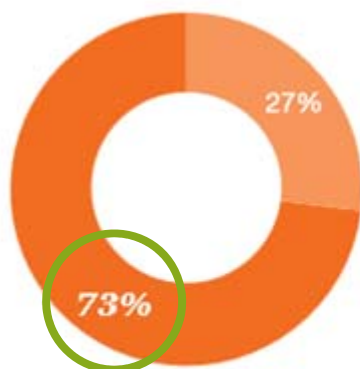
Low GHG Companies Outperform

80% of the studies show that stock price performance of companies is positively influenced by good sustainability practices

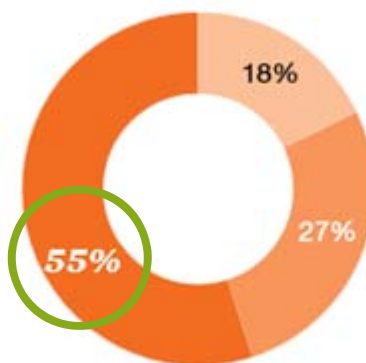
\$100 invested in U.S. companies with better than average greenhouse gas emissions returned \$220 since 2009 *(vs \$160 if invested in S&P 500)*

change

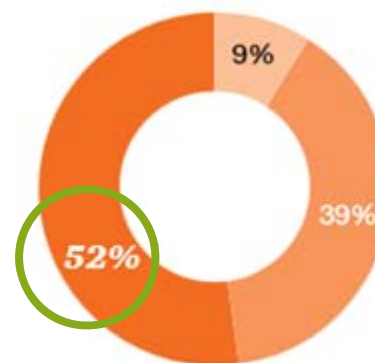
WHAT INVESTORS WANT (AND GREEN COMPANIES PROVIDE)



Risk mitigation



Avoid firms with unethical conduct



Enhance performance

IKEA LEADERSHIP KNOWS

“Sustainability will be a decisive factor in terms of which businesses are here in 20 or 30 years time”

Steve Howard,
Chief Sustainability Officer,
IKEA Group



The Challenge of Change

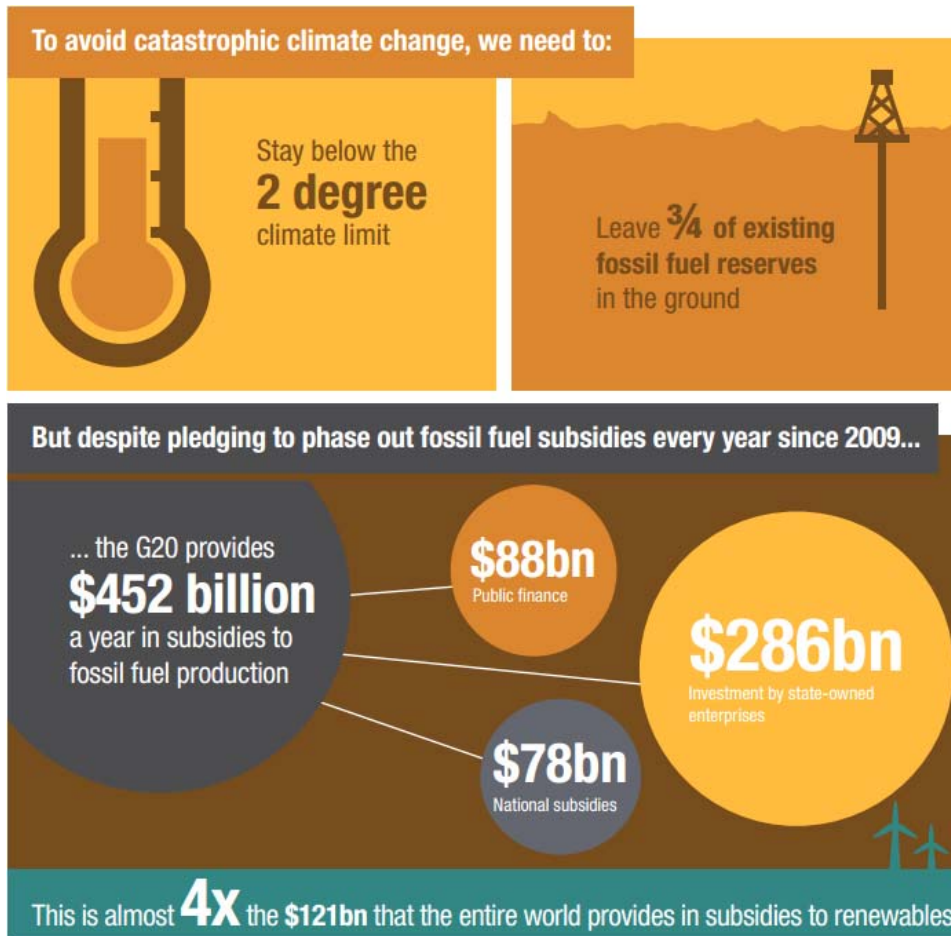
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IT'S DISRUPTIVE (*BUSINESS MUST CHANGE*)

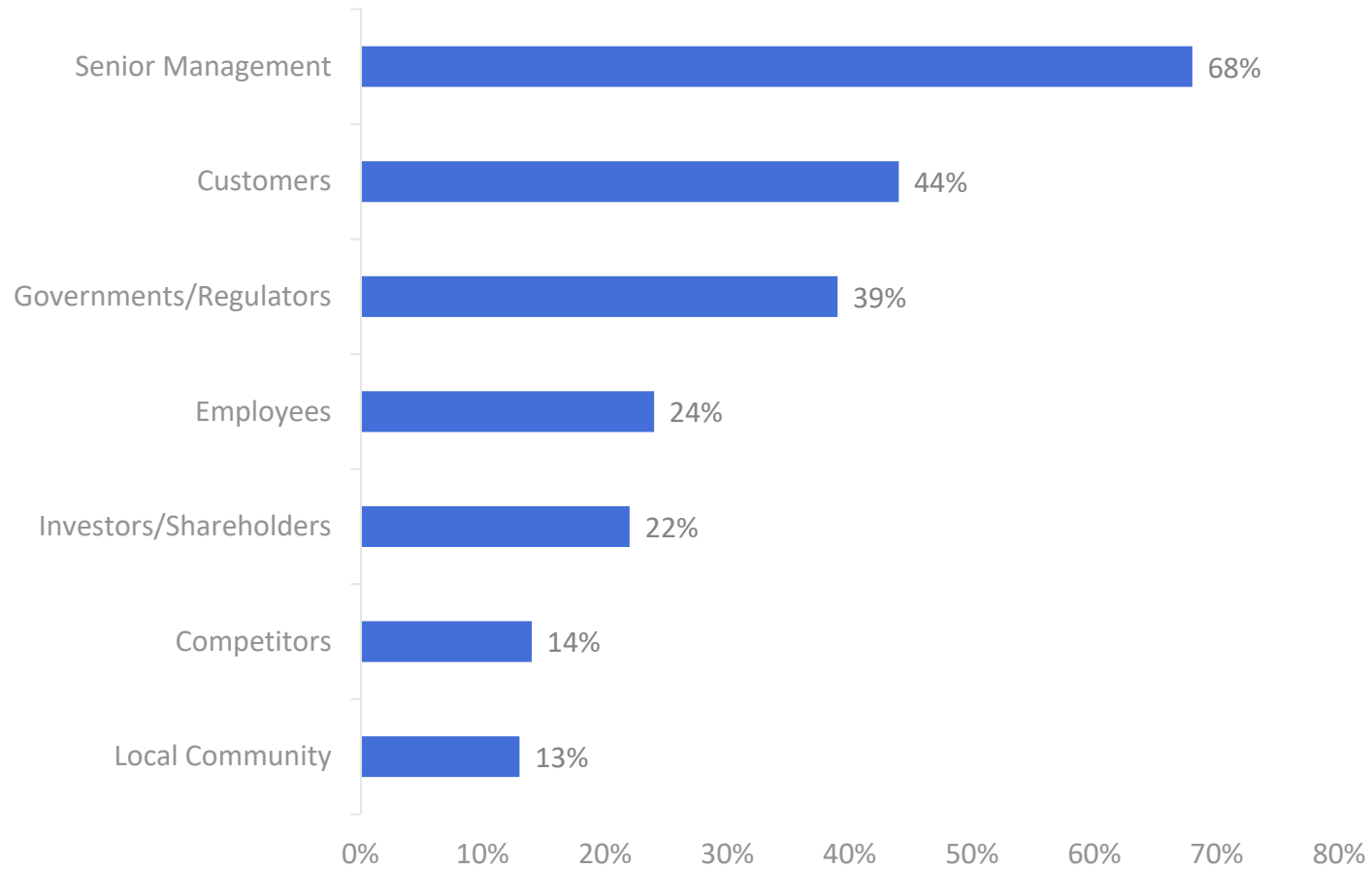
	Business 1.0	Business 2.0
Business model	Sell products; Take-Make-Waste; Linear	Sell services; Borrow-Use-Return; Circular, Cradle to Cradle; Closed loop
Bottom lines	Profit	People, Planet, Profit
Strategic focus	Growth; Consumption	Stakeholder well-being

Negative impacts	Externalized	Internalized
Boundaries	The firm	The firm's value chain
Transparency	Secret	Open book

STRANDED ASSETS, TEMPTING SUBSIDIES



SENIOR MANAGEMENT INFLUENCE = KEY



CEO INTENTION ≠ ACTION

INTENTION	Yet...
93% say ESG issues are important to the <i>future of their business</i>	33% report that business is making sufficient efforts to address global sustainability challenges.
83% of CEO's believe that government policymaking and regulations will be critical to progress	Policy makers and regulations only account for 39% influence in sustainability initiatives
91% of business leaders believe that climate change is an urgent priority for business	34% believe progress is on track to restrict global warming to less than 2 degrees centigrade
76% believe that embedding sustainability into core business will <i>drive revenue growth and new opportunities</i>	66% believe business is not doing enough to tackle climate change

FIVE STAGES OF SUSTAINABILITY



5. It's our Purpose and Passion

4. Integrated Strategy

3. Beyond Compliance

2. Compliance

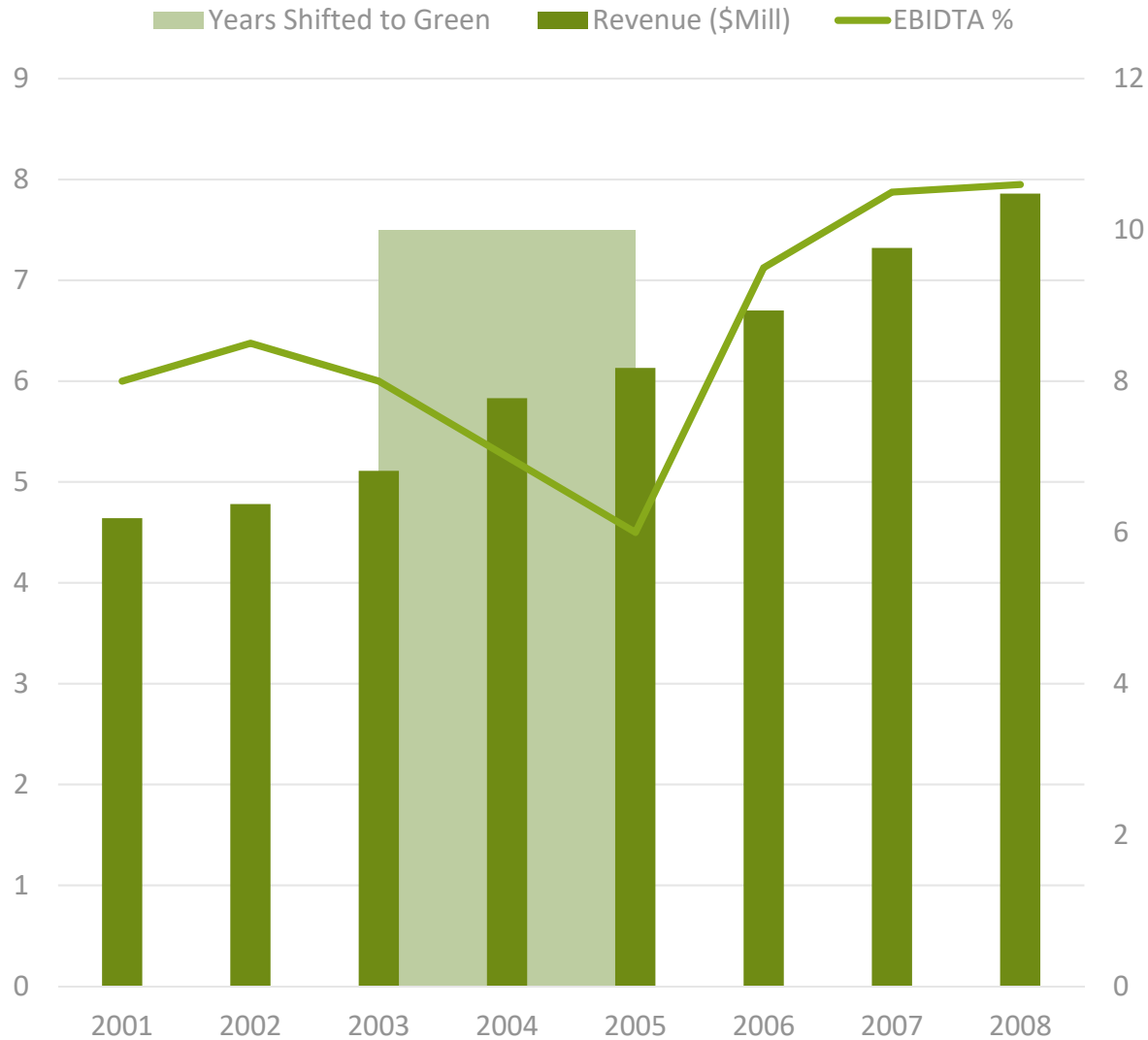
1. Pre-compliance

COMPANIES WITH ENGAGED EMPLOYEES

- **Grew profits 3 X faster** than competitors
- **Improved Operating Income by 19%** in one year vs. a decline of 33% for companies with low levels of employee engagement
- Have **87% less staff turnover** and **20% better performance than average**. It costs 2-3 times an employee's salary to replace him/her.



Revenue + EBITDA













IT'S EXPENSIVE?

- Novex hybrids cost 10x
- While sales grew 9% annually and profit increased by 30%

IT IS POSSIBLE TO GROW

Since 2000, more than 20 countries have reduced GHG emissions while growing their economies

COUNTRY	CHANGE IN CO ₂ (2000–2014)	CHANGE IN GDP (2000–2014)
United States	-6% 	 28%
United Kingdom	-20% 	 27%
Germany	-12% 	 16%
France	-19% 	 16%
Finland	-18% 	 18%

WANT SUSTAINABILITY?

- Audit carbon footprint and declare aspirational Triple Bottom Line goals
- Create Link between Sustainability Performance and Financial Incentives
- Put sustainability objectives in everyone's job description
- Measure and Report Triple Bottom Line success

BILLIONS IN ENERGY SAVINGS

*If you don't believe in global warming, believe in the numbers.
By cutting CO2 per container by 42%, Maersk saves **\$2.1 billion** in fuel costs.*

- Soren Skou, CEO Mearsk Line
- 53 of Fortune 100 have collectively saved \$1.1B annually and reduced their yearly CO2 emissions by more than 58M metric tonnes
- UPS saved \$200M / year
- Cisco Systems saved \$151M / year
- PepsiCo saved \$120 M / year

COMPANIES ARE THRIVING



Corporation™

Setting the new corporate standard for social and environmental performance.

Interface **FLOR**®

New Society Publishers

Anyone certified by B Lab

change

FINAL THOUGHTS

Sustainability is not a luxury. It is a responsibility and a precondition for long-term competitiveness.

It is our obligation to deliver our Company and our Name in better shape than when we stepped onto the bridge.

The high levels of trust and engagement shown by our employees are an essential element in reaching our goals.

Nils S. Andersen

CEO of the A.P. Moller - Maersk Group