



SCIENCE-BASED SEQUESTRATION COMMITMENTS AND REPORTING BY FINANCIAL INDICES AND CORPORATIONS

Presented to:
Fourth Annual Meeting of the San Giorgio Group: Expanding
Green, Low-Emissions Finance
Venice, Italy
October 16, 2014

NUHC -0.07 -4.46% ▲ OKN +0.02 +0.24% ▲ PW -0.03 -0.28% ▼ RAND +0.15 +4.17% ▼ RGDY -0.15 -15.00% SSE 5.75 unch ▲ TAST -0.17 -5.82% TCX 0.36 unch TOFC 4.75 unch ▲ TWER +0.02 +2.74% ▲ UBOH +0.04 +0.44% ▼ UNFY -0.20 0.05 -1.01% ▼ WVFC -0.01 -0.06% ▲ ACFN +0.09 +4.18% ▼ AFOP -0.01 -1.73% ▲ APSG -0.03 -1.00% ▼ ARQL -0.03 -1.00% COBH +0.58 +4.52% ▼ CSBK -0.21 -2.54% ▼ CY +0.31 +4.75% ▲ DBTK +0.31 +4.75% ▼ DEP -0.41 -2.86% ▲ EBS -1.01 ENSG -0.22 -1.54% ▲ EXTR -0.17 -13.82% FORR -0.13 -0.78% ▼ HBE -0.05 -0.75% ▼ HMSY +0.19 +0.60% ▼ HTGC -0.04 -1.10% ▲ HTS -0.07 -0.32% ▼ INFI -0.09 -1.13% ▲ INSU -0.68 -5.39% ▲ NUHC -0.07 -4.46% ▲ OKN +0.02 +0.24% ▲ PW -0.03 -0.28% ▼ RAND +0.15 +4.17% ▼ RGDY -0.15 -15.00% SSE 5.75 unch ▲ TAST -0.17 -5.82% TCX 0.36 unch TOFC 4.75 unch ▲ TWER +0.02 +2.74% ▲ UBOH +0.04 +0.44% ▼ UNFY -0.20 0.05 -1.01% ▼ WVFC -0.01 -0.06% ▲ ACFN +0.09 +4.18% ▼ AFOP -0.01 -1.73% ▲ APSG -0.03 -1.00% ▼ ARQL -0.03 -1.00% COBH +0.58 +4.52% ▼ CSBK -0.21 -2.54% ▼ CY +0.31 +4.75% ▲ DBTK +0.31 +4.75% ▼ DEP -0.41 -2.86% ▲ EBS -1.01 ENSG -0.22 -1.54% ▲ EXTR -0.17 -13.82% FORR -0.13 -0.78% ▼ HBE -0.05 -0.75% ▼ HMSY +0.19 +0.60% ▼ HTGC -0.04 -1.10% ▲ HTS -0.07 -0.32% ▼ INFI -0.09 -1.13% ▲ INSU -0.68 -5.39% ▲ ITWO -0.12 -1.68% ▼ JOSE +4.75% ▼ DEP +0.19 +0.60% ▼ HTGC -0.04 -1.10% ▲ HTS -0.07 -0.32% ▼ INFI -0.09 -1.13% ▲ INSU -0.68 -5.39% ▲ ITWO -0.12 -1.68% ▼ JOSE

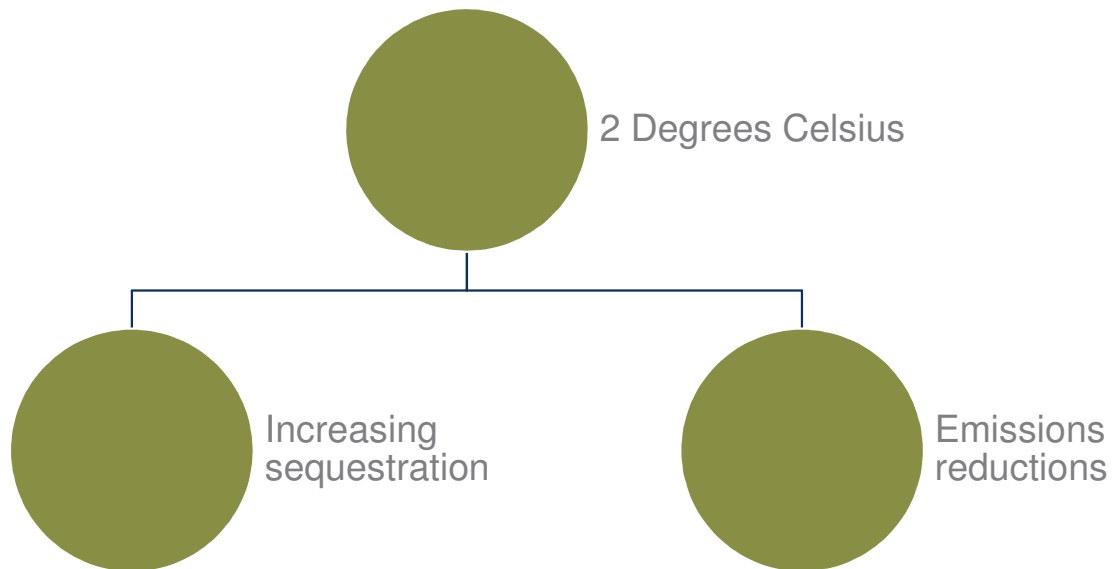
CONTENTS

1. Thesis.
2. Mimicking emissions reduction success.
3. Corporate science-based sequestration commitments.
4. Financial indices: reporting sequestration policies.
5. Summary.

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THESIS

To achieve 2 degrees Celsius, we need both emissions reductions and increasing sequestration.



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MIMICKING EMISSIONS REDUCTION SUCCESS

Investments: Power Forward 2.0: How American Companies Are Setting Clean Energy Targets and Capturing Greater Business Value report by Calvert, WWF, Ceres, and DGA:

- 2013: **60% of Fortune 100** companies have set clean energy and GHG reduction targets.
- Clean energy has entered the **mainstream** at the world's largest corporations.
- Companies in the Fortune 100 that report to CDP **saved conservatively \$1.1 billion in 2012**.
- In 2012 alone, these companies decreased their annual emissions by approximately 58.3 million metric tons of CO2 equivalent – comparable to retiring about 15 coal plants – saving them an average of **\$19 per metric ton of carbon dioxide equivalent emissions (mtCO2e)**.

Financial Indices: In CDP S&P 500 Climate Change Report 2014, S&P 500 industry leaders that are actively managing and planning for climate-change:

- Generate superior profitability: **18% higher ROE** than peers and 67% higher than companies who do not disclose on climate change.
- Ensure stability: **50% lower volatility of earnings** over the past decade than low-ranking peers.
- Grow dividends to shareholders: **21% stronger dividend growth** than low-ranking peers.

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SUMMARY

- Mitigating climate change requires both emissions reductions and increasing sequestration.
- Mimicking Power Forward and CDP S&P 500 Climate Change Report 2014, we need to understand the market value and risk mitigation in dollars by corporations through “increasing sequestration” and de-risking supply chains through “greening initiatives”.
- Need to look at both investments and financial indices.
- Corporations need to make science-based zero-deforestation and zero-degradation supply chain commitments measured using mtCOe as unit.
- Need clarity on zero-deforestation, zero net-deforestation, and zero gross-deforestation.
- Corporations need to mitigate rest of impact through PES / AFOLU / LULUCF / REDD, etc.
- We need ESG listing standards for financial indices globally focusing on sequestration activities.
- All stakeholders – including you – need to contact your asset managers asking them to “make your money work for you and not against you” for both institutional investments (both public and private pensions, sovereign funds, corporate treasuries, etc.) and personal (investments).
- Asset managers needs S&P 500 deforestation and degradation index to benchmark performance.
- Forward – looking asset managers see “adaptation and resilience” as GHG-asset risk mitigation.

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THANK YOU

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