



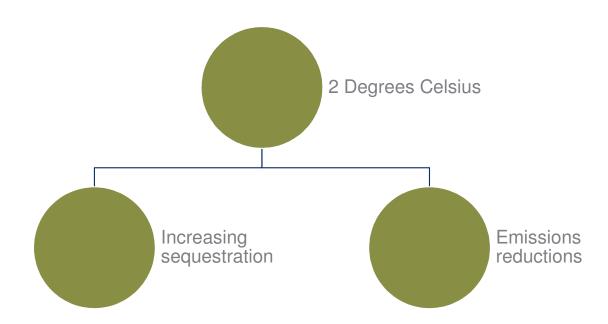
NUHC -0.07 -4.46% ▲ OKN +0.02 +0.24% ▲ PW -0.03 -0.28% ▼ RAND +0.15 +4.17% ▼ RGDX -0.15 -15.00% SSE 5.75 unch ▲ TAST -0.17 -5.82% TCX 0.36 unch TOFC 4.75 unch ▲ TWER +0.02 +2.74% ▲ UBOH +0.04 +0.44% ▼ UNFY -0.20 0.05 -1.01% ▼ WVFC -0.01 -0.06% ▲ ACFN +0.09 +4.18% ▼ AFDP -0.01 -1.73% ▲ APSG -0.03 -1.00% □ COBH +0.58 +4.52% ▼ CSEK -0.21 -2.54% ▼ CY +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 -0.36% ▲ ACFN +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% ▼ RGDX -0.15 -15.00% SSE 5.75 unch ▲ TAST -0.17 -5.82% TCX 0.36 unch TOFC 4.75 unch ▲ TAST -0.17 -5.82% TCX 0.36 unch TOFC 4.75 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% ▼ CONTENTS ▼ CY +0.31 +4.75% ▲ DBTK +0.31 +4.75% ■ DB

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

NUHC -0.07 -4.46% & OKN +0.02 +0.24% ▲ PW -0.03 -0.28% ▼ RAND +0.15 +4.17% ▼ RGDX -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% ♥ WYFC -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 -0.12 -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 +0.66% ▼ HTGC -0.04 -1.10% & HTS -0.07 -0.32% ▼ INF1 -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% ▼ RGDX -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% & AFSG -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 +0.19 +0.60% ▼ HTGC -0.04 -1.10% & HTS -0.07 -0.32% ▼ NFI -0.09 -1.13% & INSU -0.68 -5.39% & ITWO -0.12 -1♥ ITWO -0.12 -1.88% ▼ JOSE

THESIS

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



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MIMICKING EMISSIONS REDUCTION SUCCESS

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

- 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 <u>CDP S&P 500 Climate Change Report 2014</u>, 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.

CORPORATE SCIENCE-BASED SEQUESTRATION COMMITMENTS

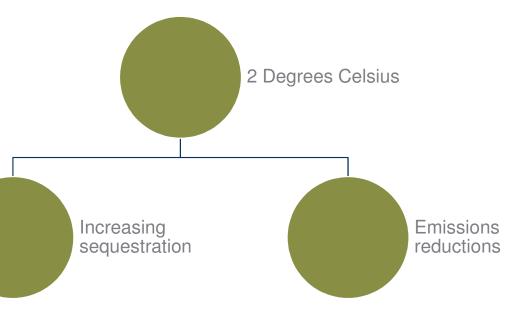
State of play: Corporations are now moving towards science-based sequestration commitments:

- New York Declaration on Forests Calvert Investments is a signatory.
- >70 corporations globally have some form of zero-deforestation and / or zero-degradation supply chain commitments.

Opportunity: Increasing sequestration commitments:

 Greening corporate supply chains to include zero-deforestation and zero-degradation measured using mtCO2e

 Remediate other impacts using PES / AFOLU / LULUCF / REDD, etc.



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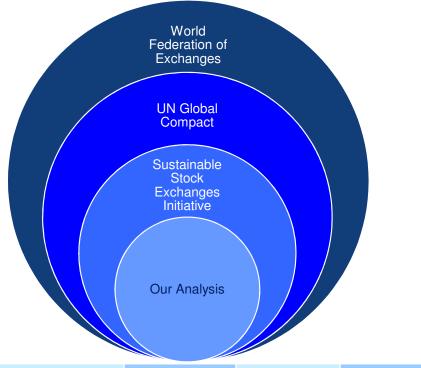
FINANCIAL INDICES: REPORTING SEQUESTRATION POLICIES

State of play: Surveyed 53 financial indices (i.e. S&P 500, FTSE 100, etc.) for indirect emissions reduction and sequestration policies by 4,712 member companies. Cross-checked with UNGC.

- "Natural capital" refers to corporate inclusion of air, water, land-use, and biodiversity policies.
- 24% GHG emissions vs. 3% raw material used policy as aggregated by Bloomberg.

Opportunity: Asking that exchanges globally have ESG listing standards for publicly traded equities.

- WFE ESG Working Group and SSEI.
- Investors need low-deforestation / lowdegradation financial indices (i.e. S&P 500)



Natural Capital Themes		Air			Water		Land	Biodiversity	UN
Region	# Companies	GHG Emissions	Energy Efficiency	Renewable Energy	Total Water Use	% Water Recycled	Raw Materials Used Policy	Biodiversity Policy	UN Global Compact Signatory
Global	4712	24%	40%	6%	17%	5%	3%	16%	12%

Emissions best practice Sequestration opportunity

Data as of Q3 2014 Source: Bloomberg NUHC -0.07 -4.46% & OKN +0.02 +0.24% ▲ PW -0.03 -0.28% ♥ RAND +0.15 +4.17% ♥ RGDX -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% +0.180 +4.75% ▲ UBOH +0.05 +0.18 +4.75% ▲ UNFY -0.20 0.05 -1.01% ♥ WFC -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% ▼

- Mitigating climate change requires both emissions reductions and increasing sequestration.
- Mimicking <u>Power Forward</u> and <u>CDP S&P 500 Climate Change Report 2014</u>, 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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