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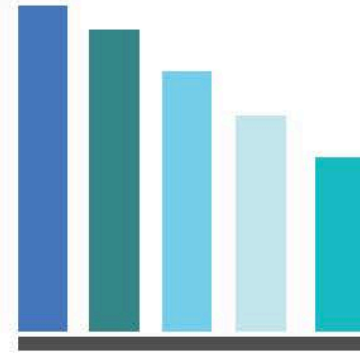
For the first time in five years, the natural capital costs of the top 1,200 global companies exceeds

\$4.1
TRILLION



Natural capital costs exceed net income by

2X

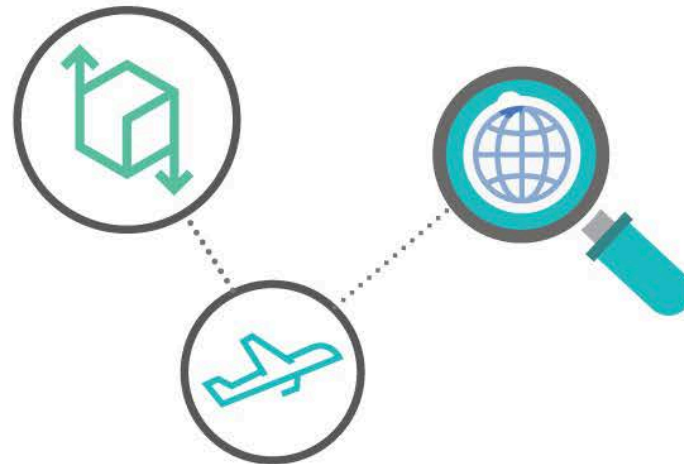


Companies' GHG emissions fell by

1%

reaching the lowest level since 2012

33% more companies since 2012 disclose carbon emissions from their value chain



10%

more companies set carbon and water targets over the past five years



Current carbon targets contribute just

20%

of the reductions needed by the top 1,200 global companies to align with the Paris Agreement 2 degrees Celsius goal

10

more stock exchanges set environmental listing requirements

68

stock exchanges in total have environmental listing requirements

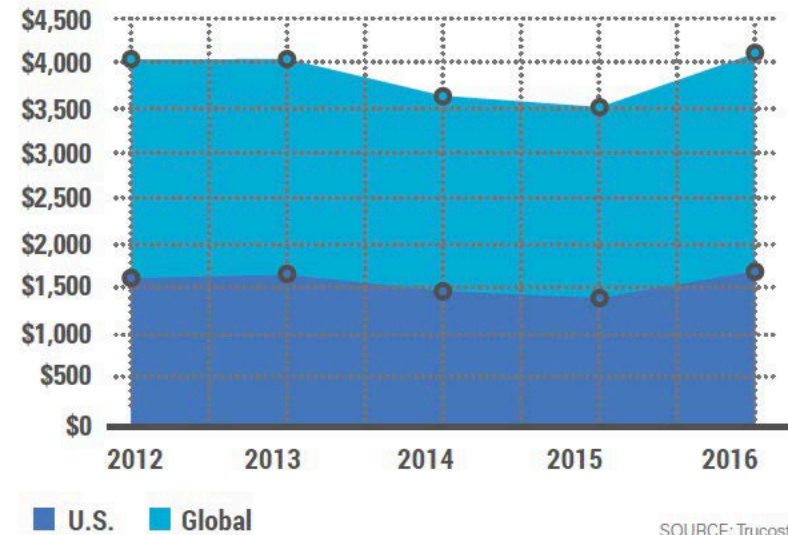
40K

companies are listed in these stock exchanges

SOURCE: Trucost, 2017

COMPANIES' NATURAL CAPITAL COST EXCEEDS \$4.1 TRILLION FOR FIRST TIME

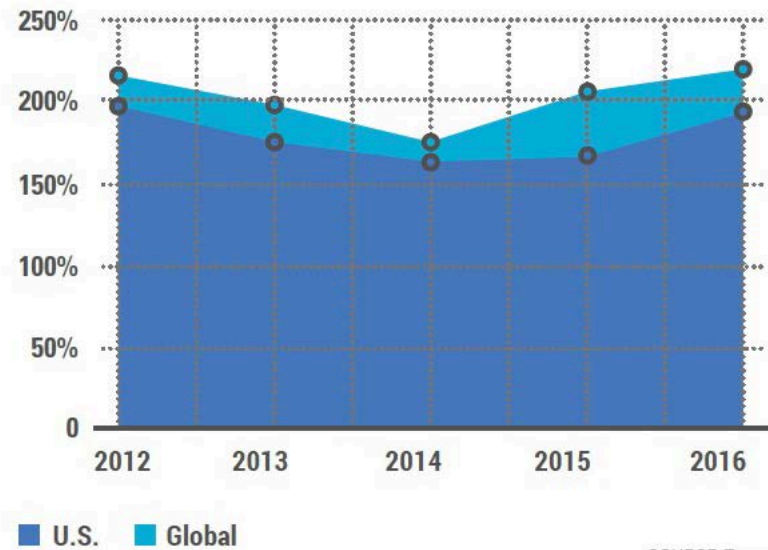
Total Natural Capital Cost (Billion USD)



SOURCE: Trucost, 2017

COMPANIES' ENVIRONMENTAL COSTS ARE MUCH HIGHER THAN THEIR NET INCOME

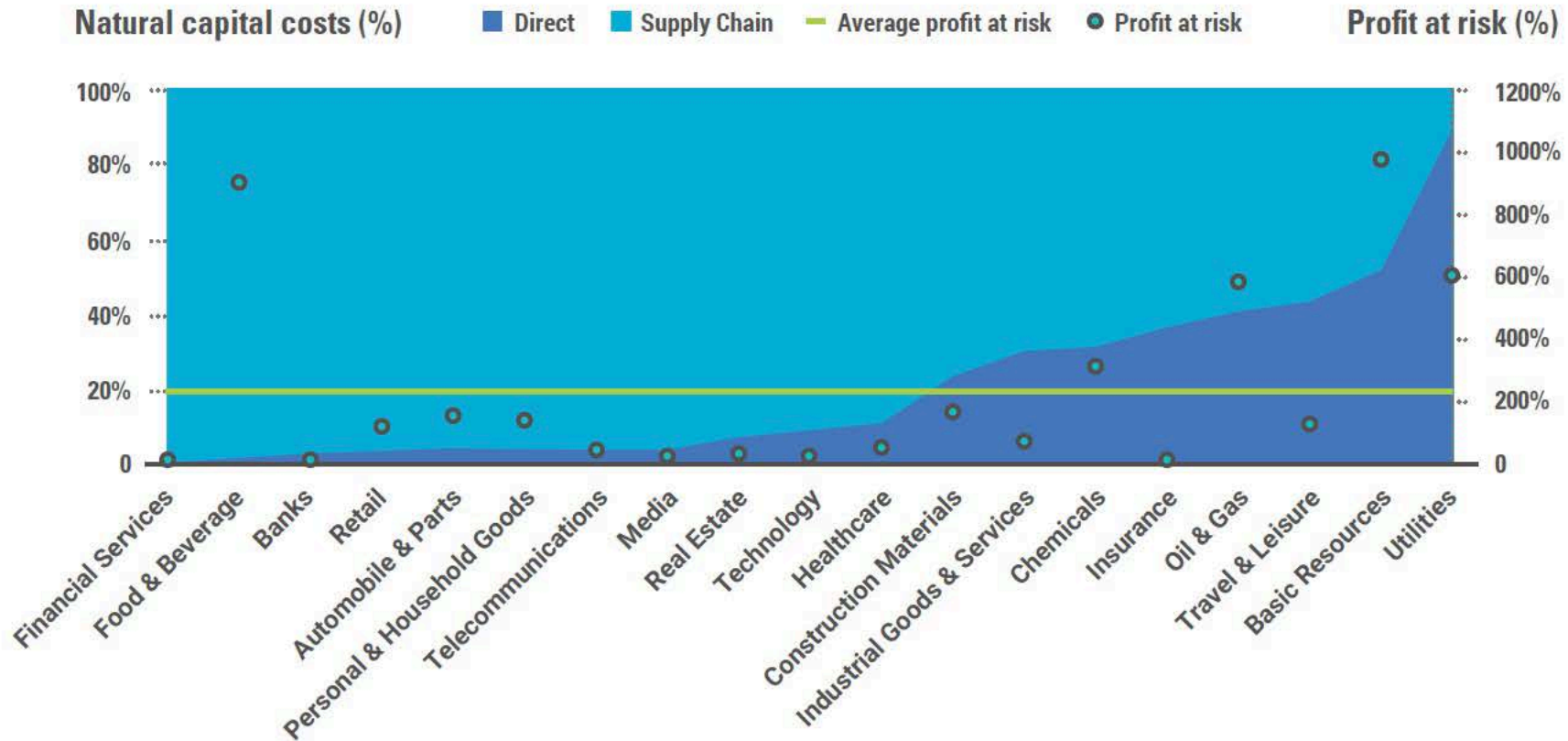
**Total Natural Capital Cost
as Percent of Net Income**



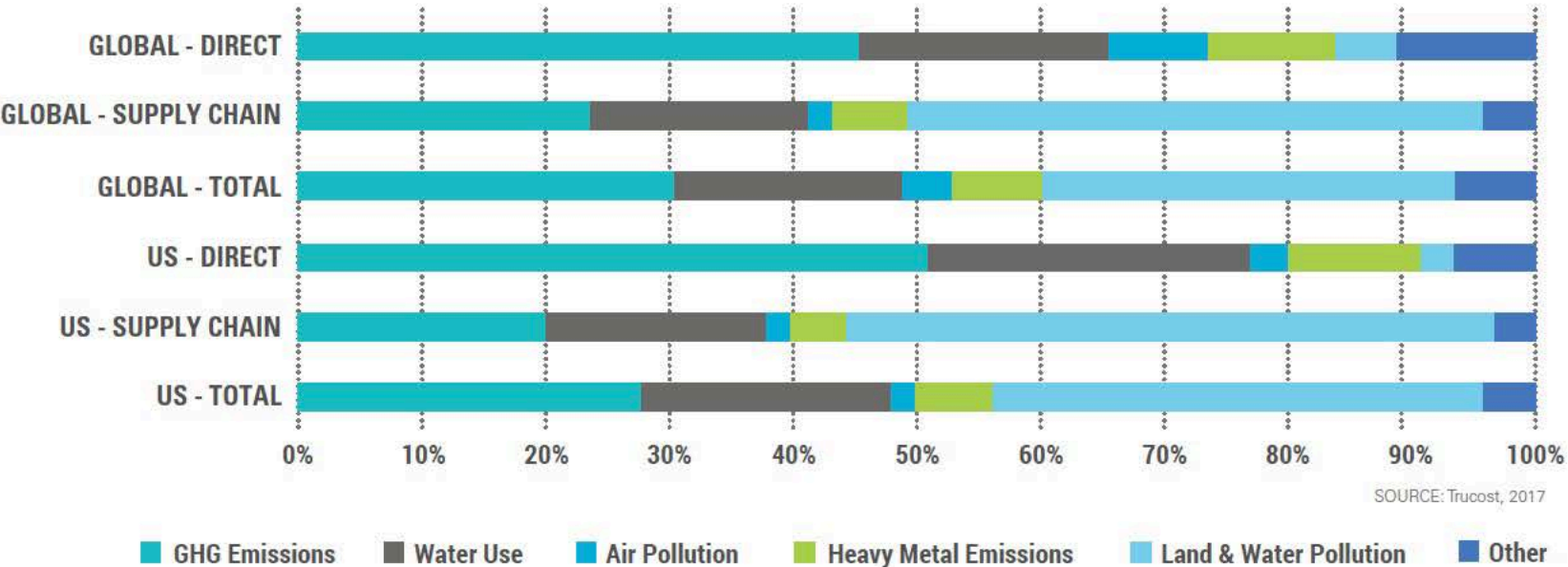
SOURCE: Trucost, 2017

MAJORITY OF CORPORATE NATURAL CAPITAL COSTS COME FROM SUPPLY CHAIN FOR MOST SECTORS

SOURCE: Trucost, 2017



THE LARGEST NATURAL CAPITAL IMPACTS BY COMPANIES COME FROM LAND & WATER POLLUTION AND GHG EMISSIONS

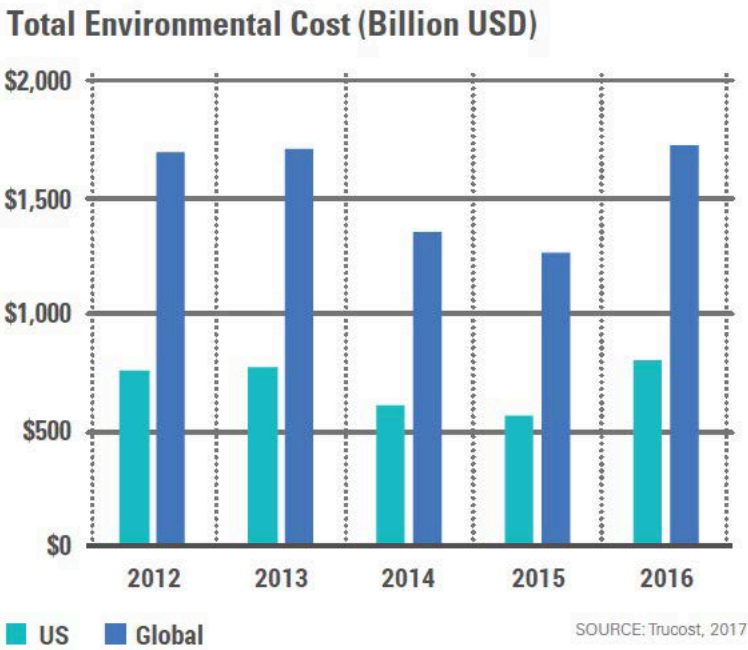


COMPANIES' WATER USE DOES NOT SHOW ANY SIGNIFICANT DECREASE OVER THE YEARS

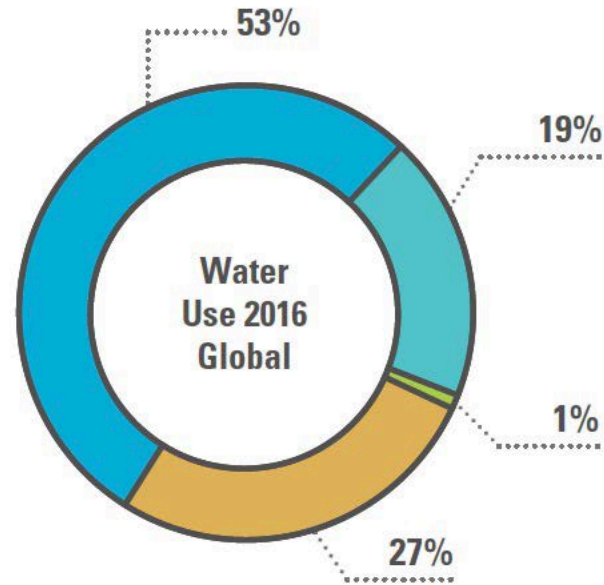
Total Water Use (billion cubic meters)



WATER POLLUTION BY COMPANIES INCREASED IN 2016



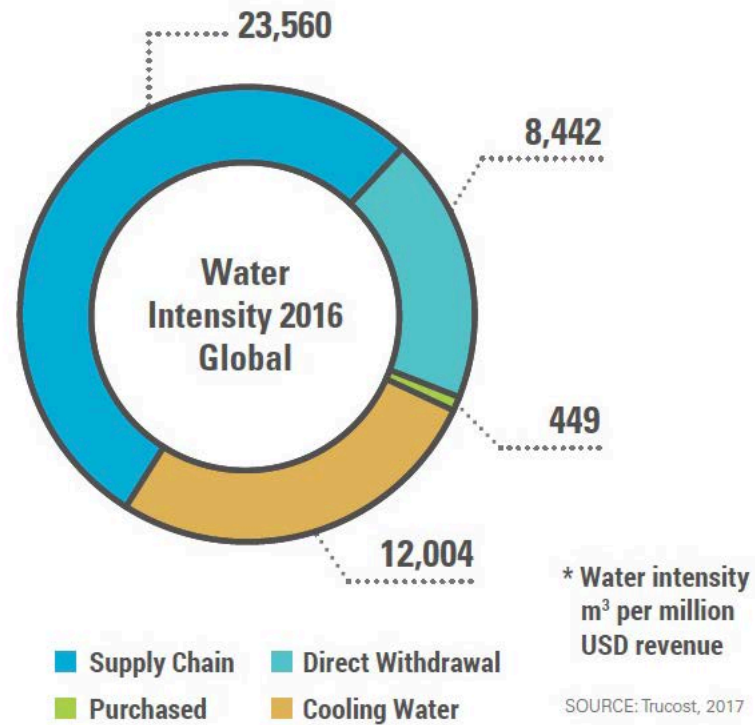
OVER HALF OF COMPANIES' WATER USE COMES FROM SUPPLY CHAINS



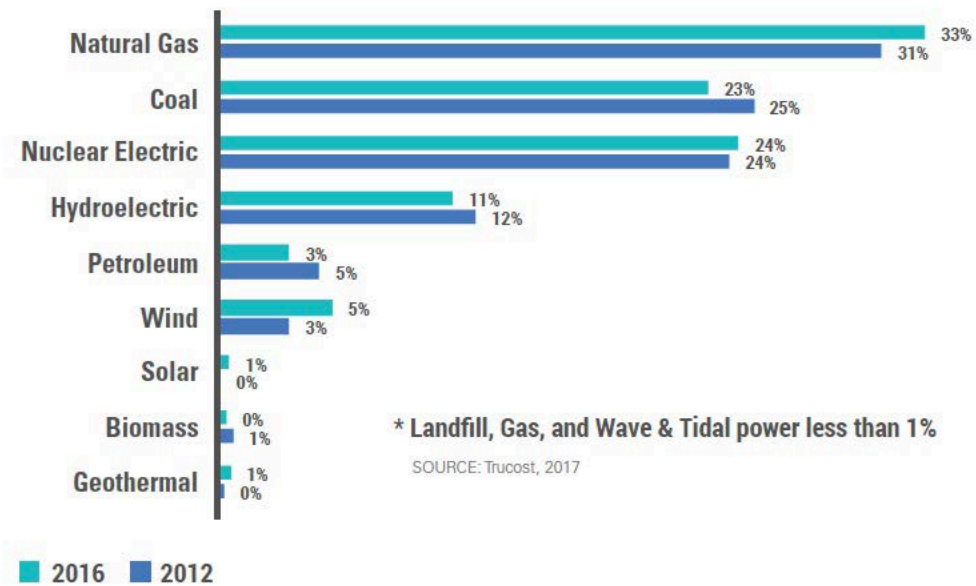
■ Supply Chain ■ Direct Withdrawal
■ Purchased ■ Cooling Water

SOURCE: Trucost, 2017

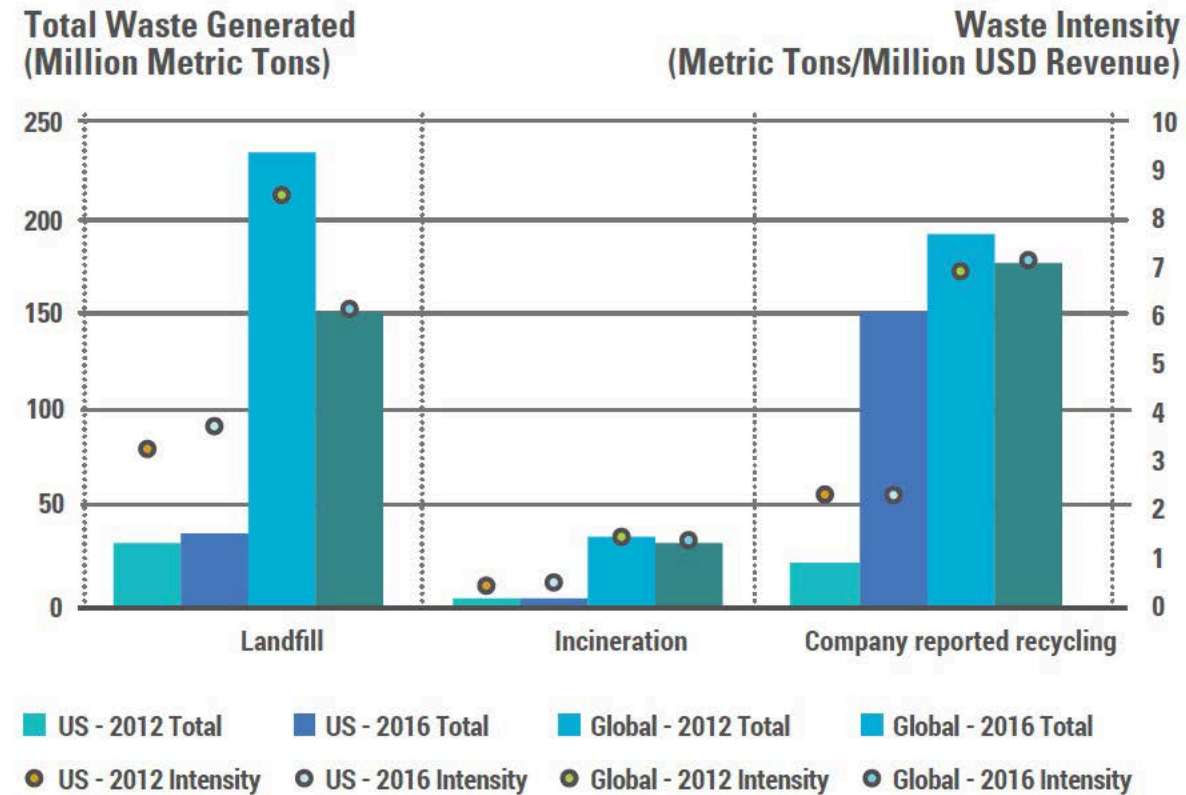
COMPANIES' SUPPLY CHAINS USE THE MOST WATER PER REVENUE



COAL CONTINUES TO BE REPLACED BY NATURAL GAS AND RENEWABLES FOR POWER GENERATION



WASTE GENERATED BY COMPANIES FALLS GLOBALLY BUT RISES IN UNITED STATES

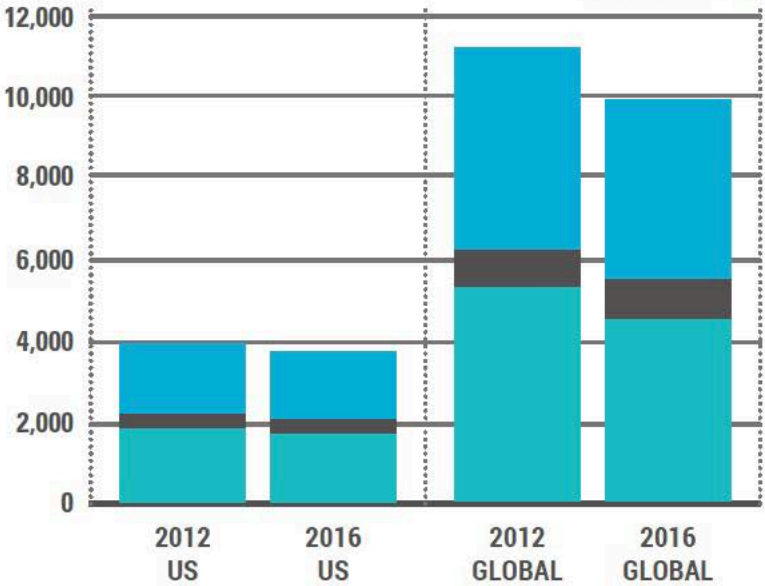


SOURCE: Trucost, 2017

COMPANIES' GHG EMISSIONS HIT THEIR LOWEST LEVEL

GHG Emissions (million tCO₂e)

SOURCE: Trucost, 2017

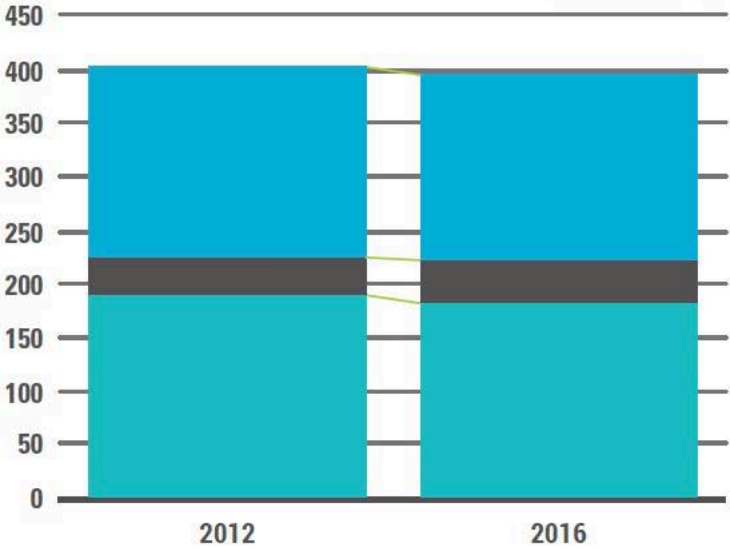


- Scope 1** (refers to emissions generated during operation, such as fuel use for vehicles or onsite power generation.)
- Scope 2** (refers to emissions from purchased energy.)
- Scope 3** (refers to supply-chain emissions.)

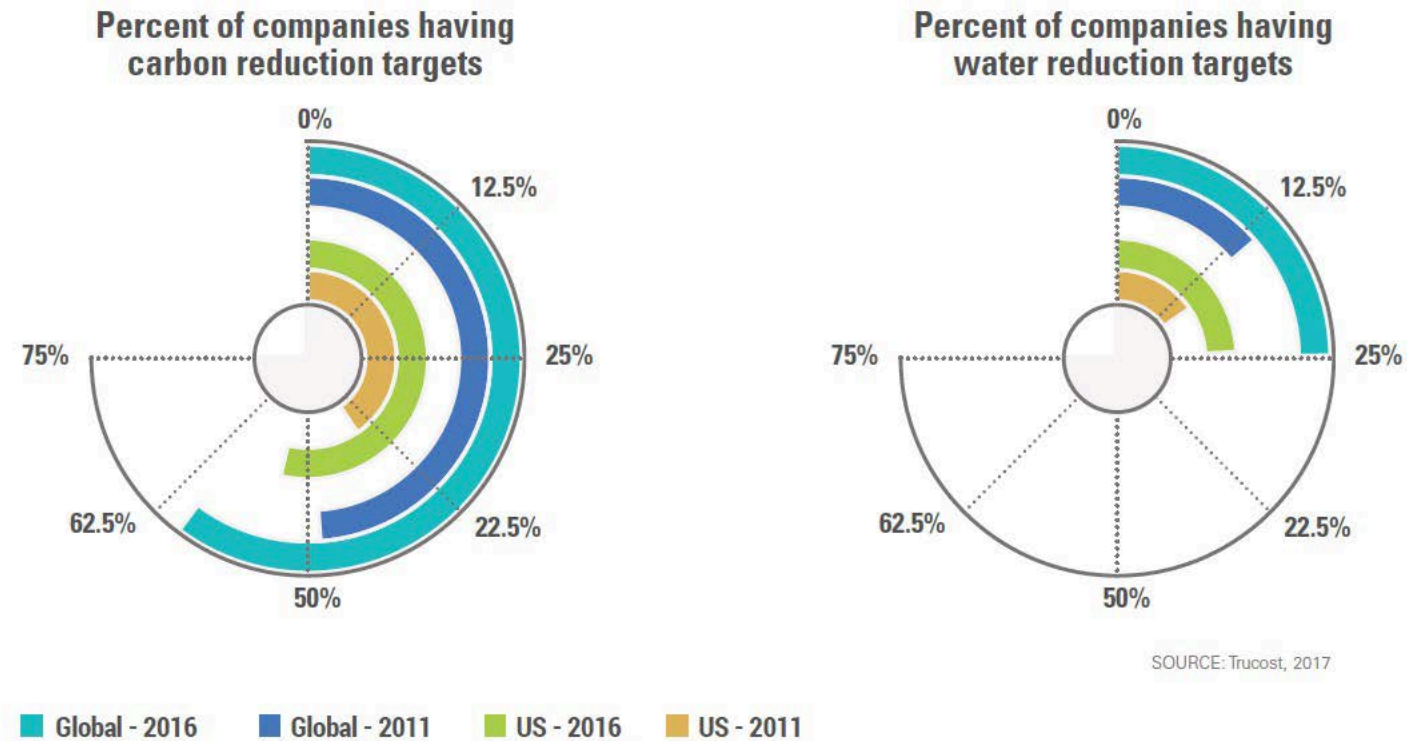
COMPANIES SHIFT TOWARD LESS GHG-INTENSIVE FUEL USE

GHG Emissions (million tCO₂e)

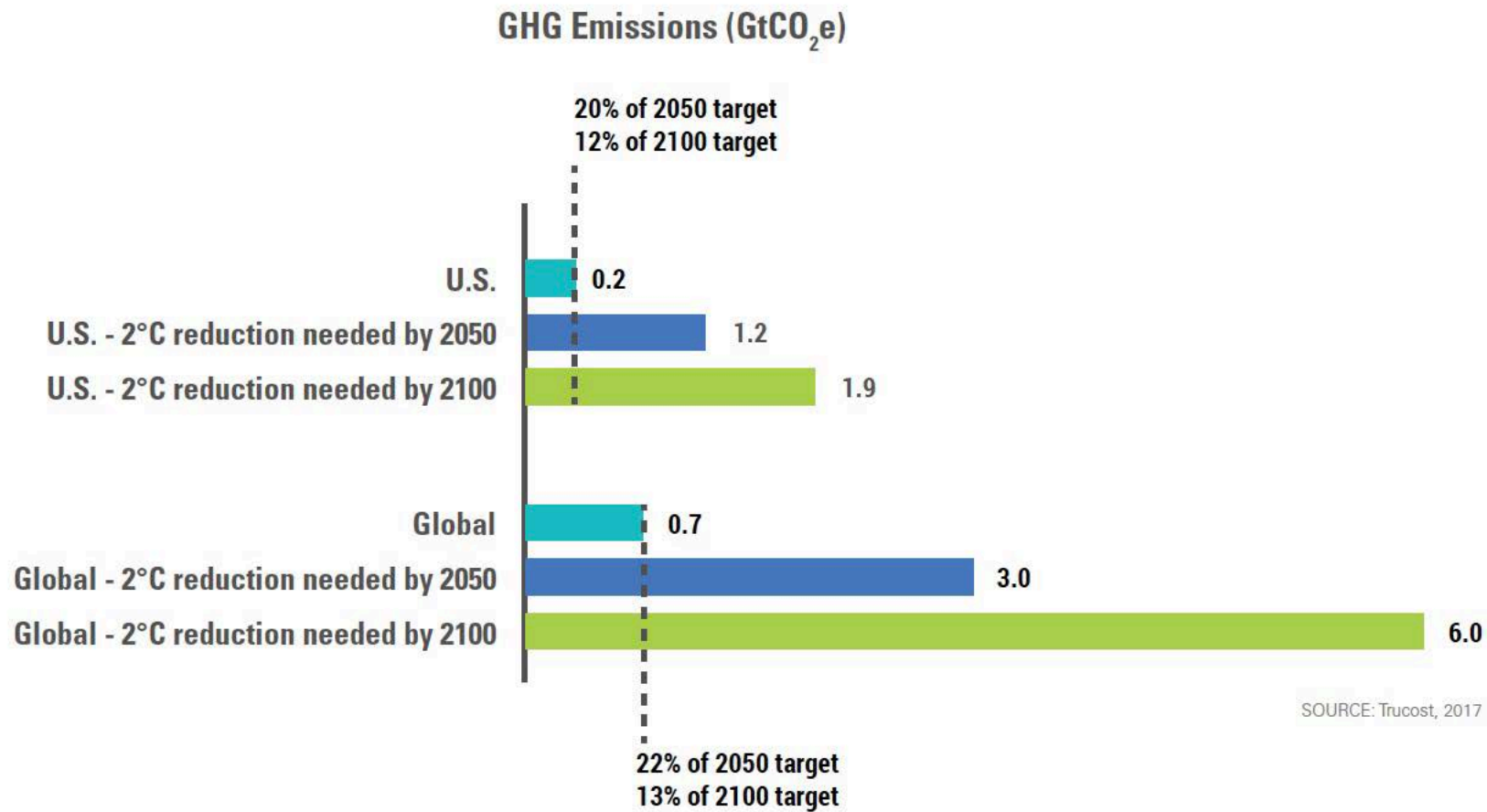
SOURCE: Trucost, 2017



MORE COMPANIES SET CARBON AND WATER REDUCTION TARGETS

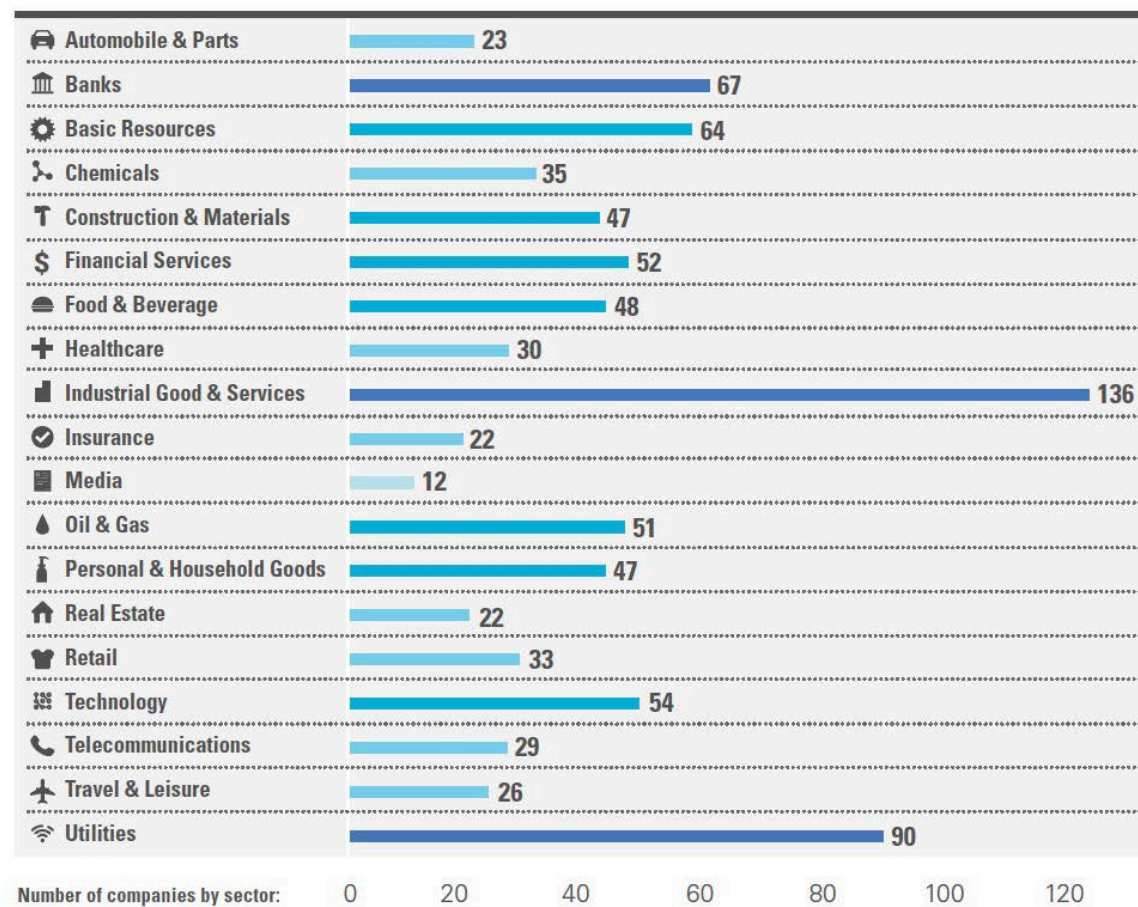


CARBON REDUCTION TARGETS SET BY COMPANIES FALL SHORT OF THEIR CONTRIBUTION TO 2 DEGREE TARGET



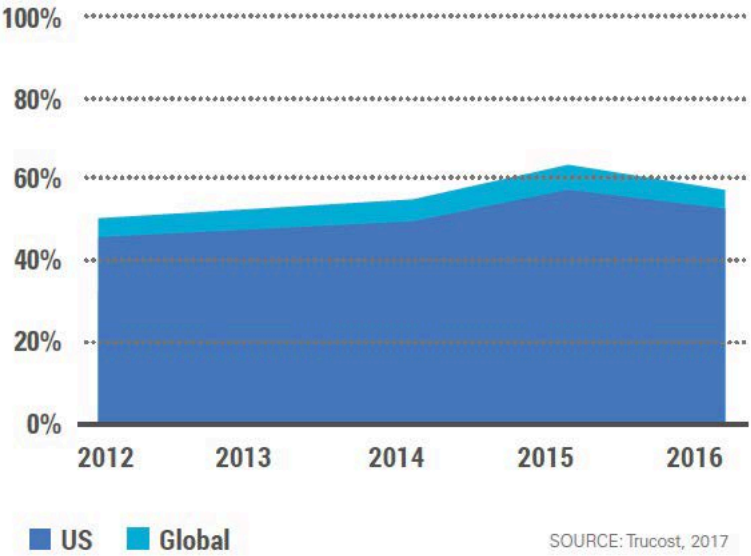
MORE COMPANIES ENGAGE IN NATURAL CAPITAL ACTIVITIES

SOURCE: Trucost, 2017



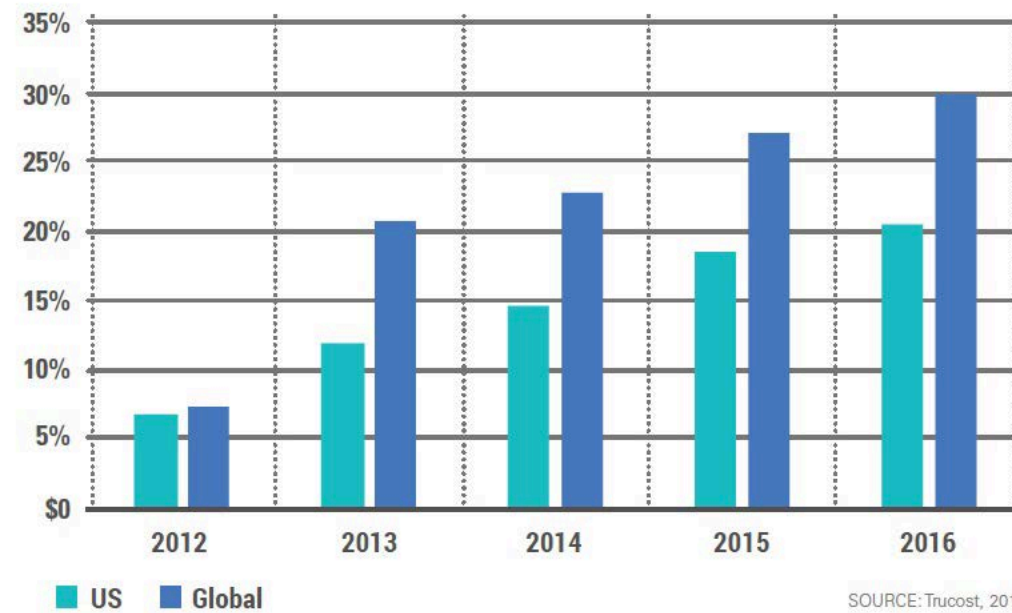
DISCLOSURE OF NATURAL CAPITAL
INVESTMENT INCREASES
COMPARED TO 2012

Percentage of companies reporting



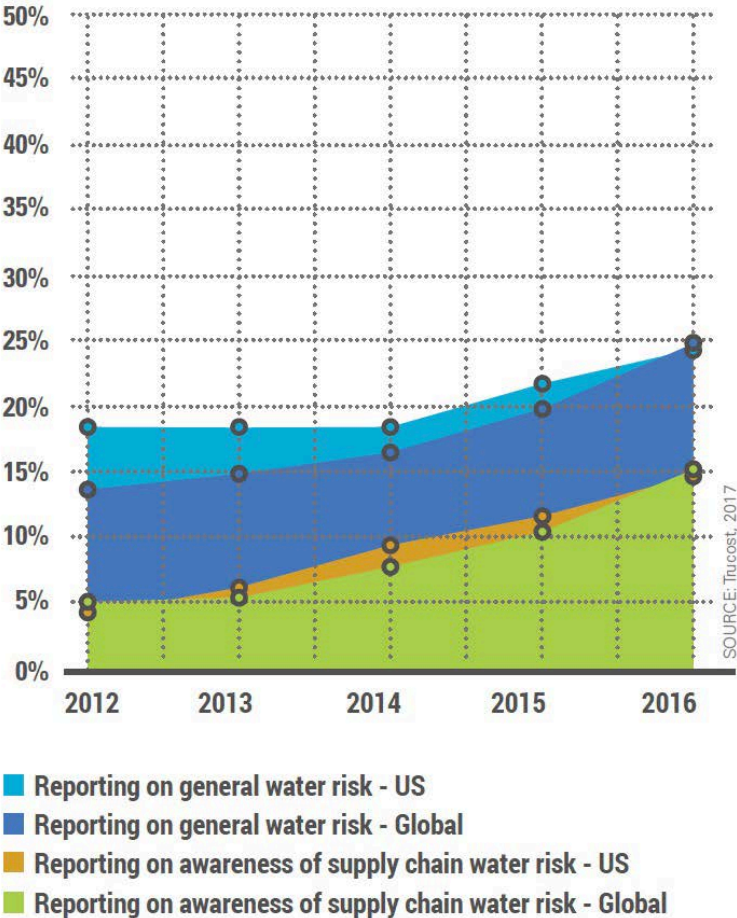
MORE COMPANIES REPORT EMISSIONS FROM THEIR PRODUCTS

Percentage of companies reporting Scope 3 emissions from sold products

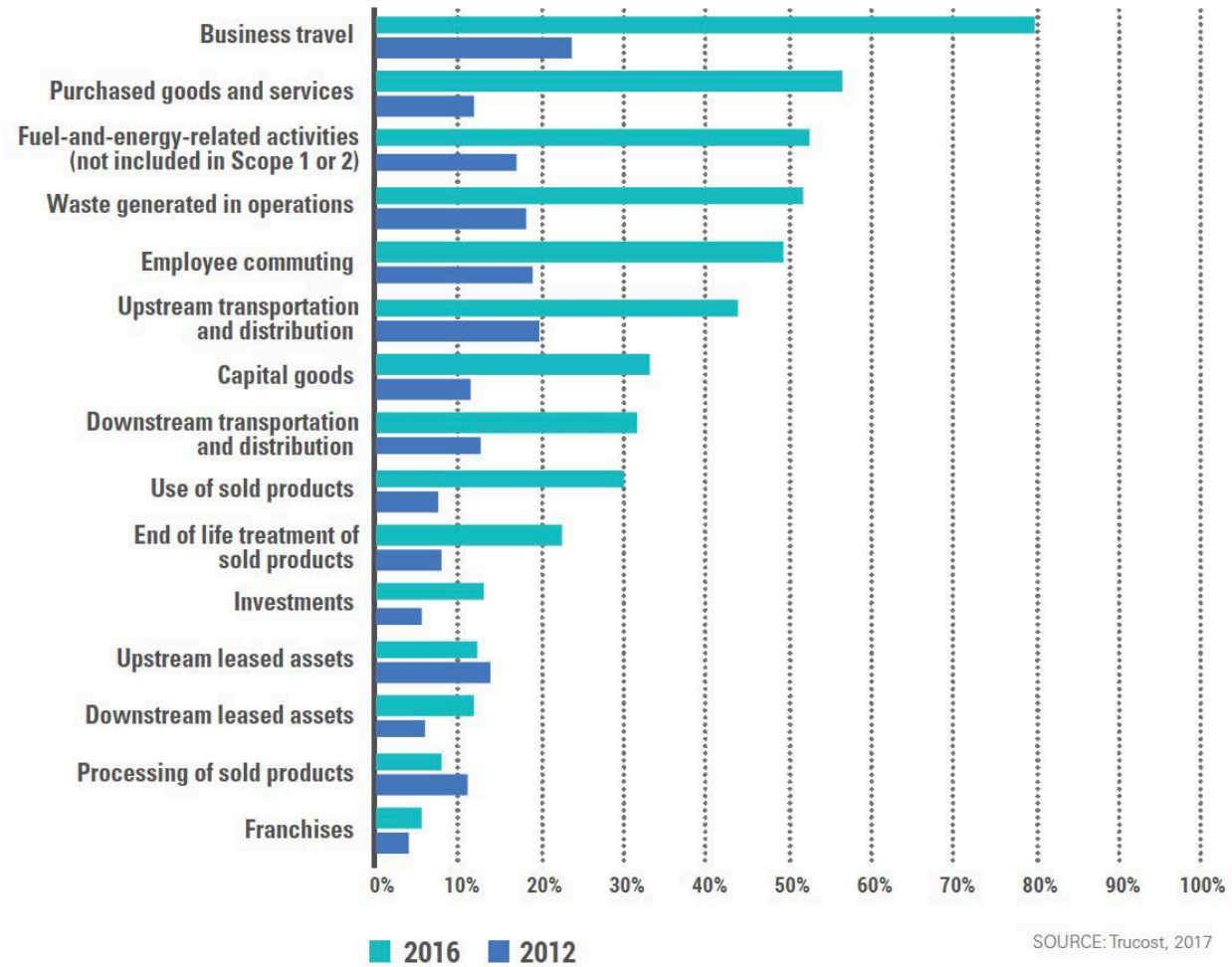


REPORTING ON WATER-RELATED RISKS CONTINUES TO GROW

Percentage of companies reporting



COMPANIES INCREASE THE SCOPE OF EMISSIONS DISCLOSURE ACROSS VALUE CHAIN



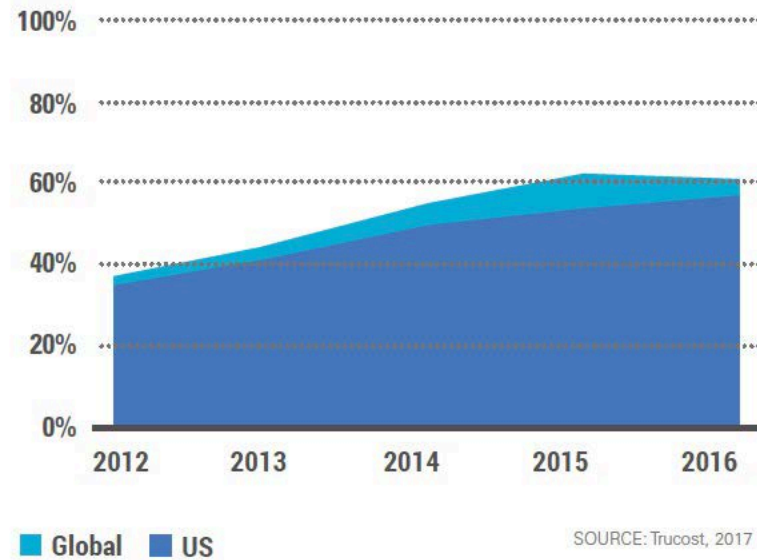
DISCLOSURE OF NATURAL CAPITAL COSTS REMAINS STABLE

Percentage of companies disclosing

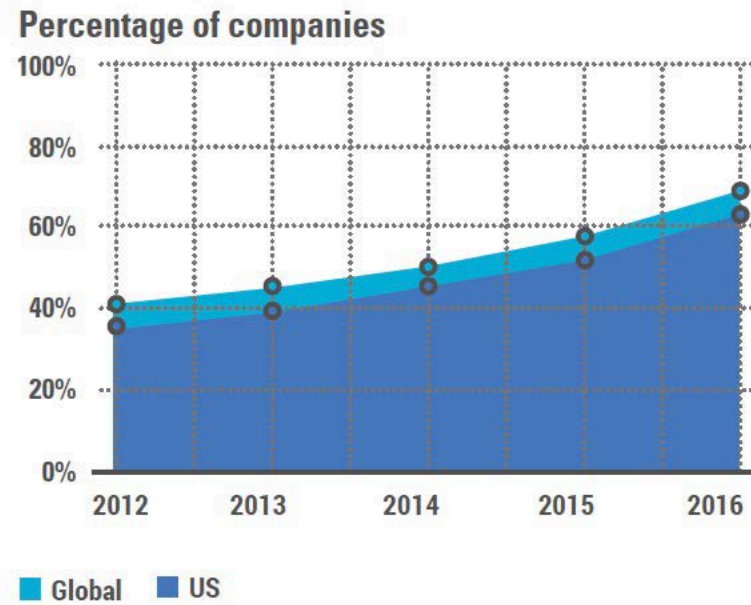


MORE COMPANIES REPORT NATURAL CAPITAL PROFITS OR SAVINGS

Percentage of companies reporting

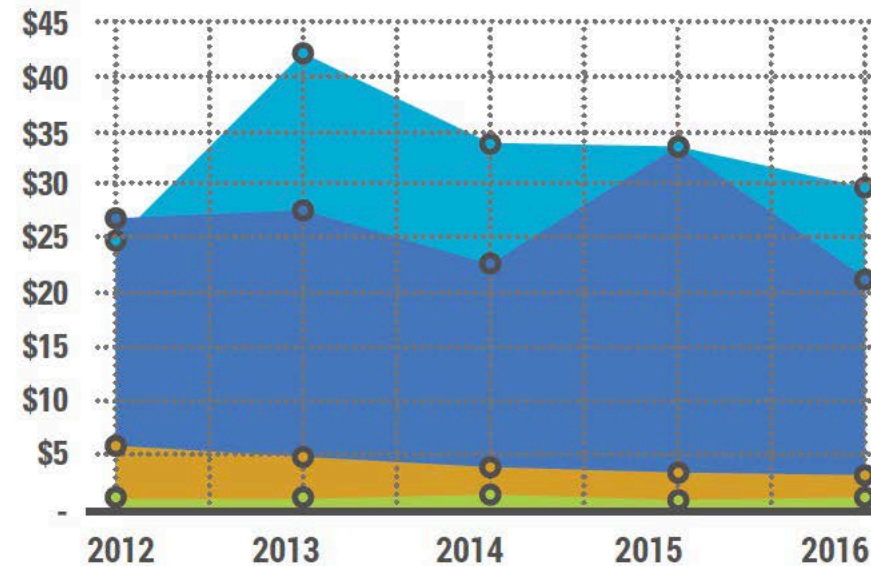


OVER HALF OF THE COMPANIES ENGAGE IN REDUCING GHG EMISSIONS



COST OF CARBON REMAINS LOW COMPARED TO PRICE NEEDED TO ACHIEVE 2 DEGREE TARGET

Average cost of carbon per tCO₂e (USD)

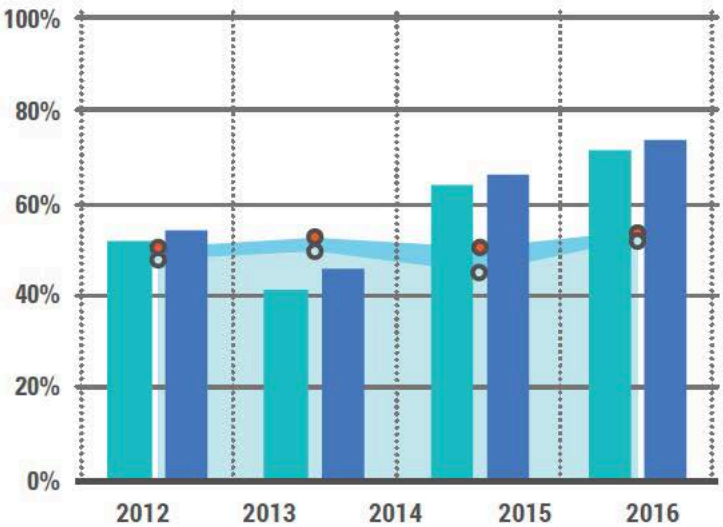


SOURCE: Trucost, 2017

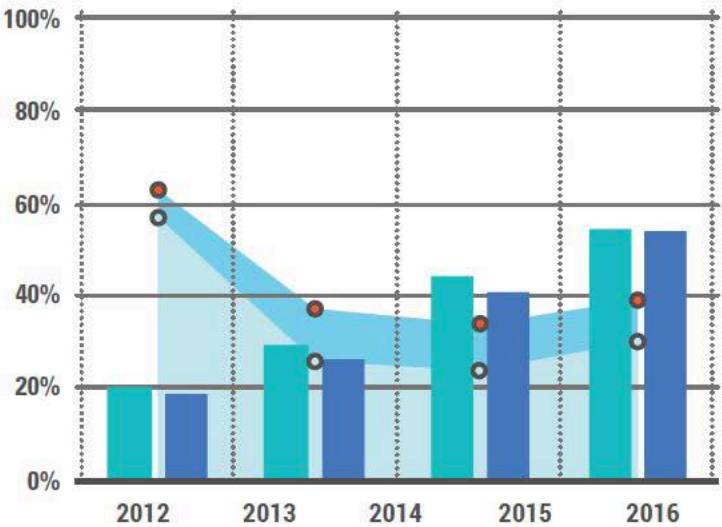
- Average internal carbon price
- Third-party verified carbon offsets
- RECs (voluntary - US)
- RECs (compliance - US)

MAJORITY OF COMPANIES ENGAGE SUPPLIERS TO ASSESS ENVIRONMENTAL PERFORMANCE

Carbon



Water

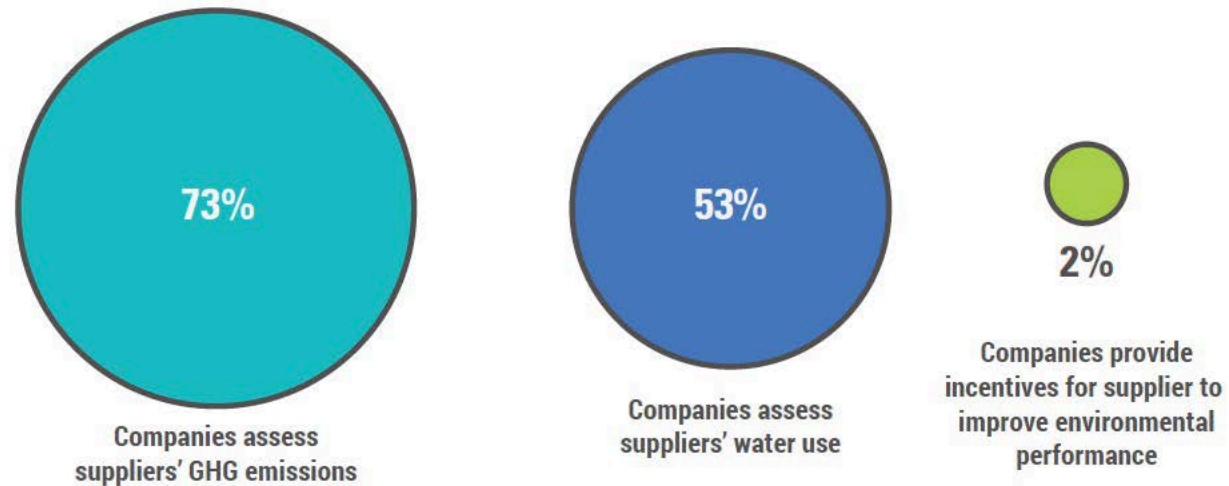


- US companies engaging suppliers
- Global companies engaging suppliers
- % of carbon emissions covered under engagement (US)
- % of carbon emissions covered under engagement (Global)

SOURCE: Trucost, 2017

PERFORMANCE ASSESSMENT IS THE MOST COMMON TYPE OF SUPPLIER ENGAGEMENT

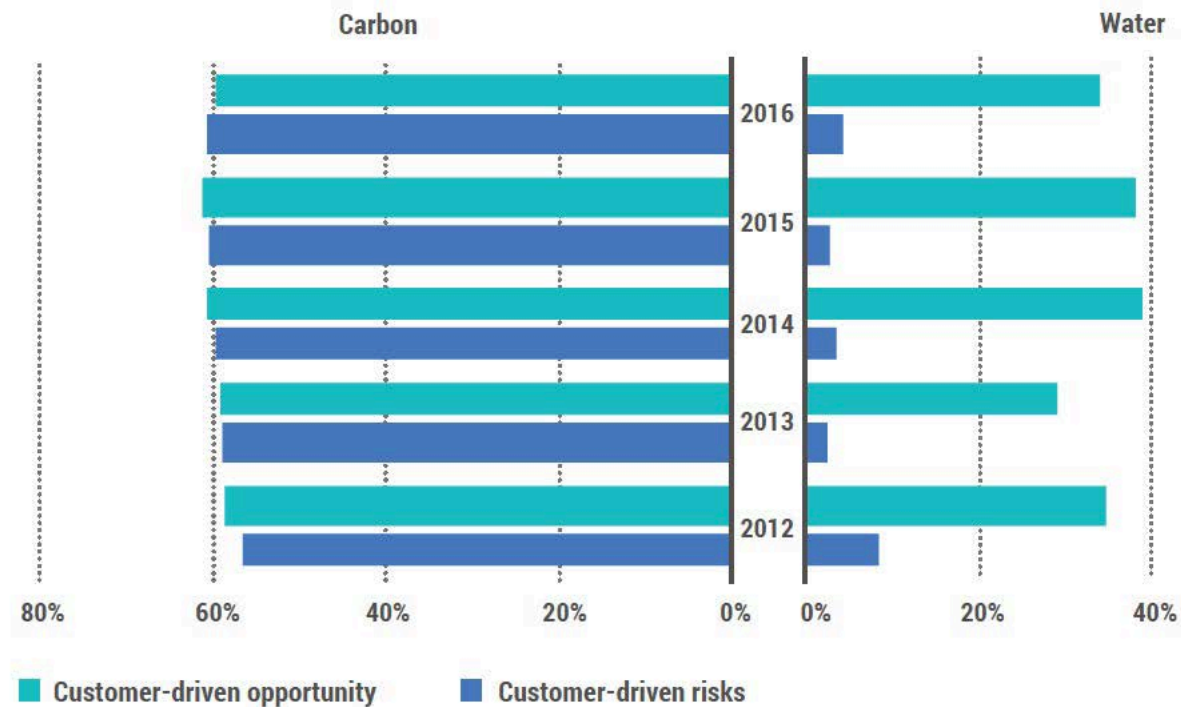
Percentage of companies providing supplier incentives to improve environmental performance



SOURCE: Trucost, 2017

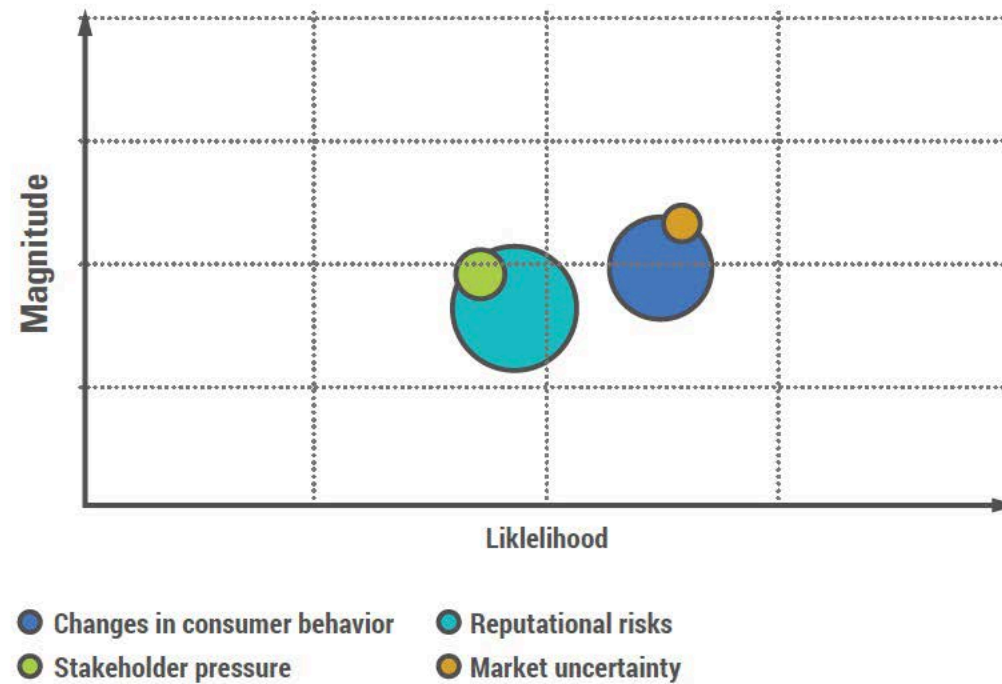
HOW COMPANIES SEE CUSTOMER INTEREST IN CARBON- AND WATER-RELATED ISSUES

Percentage of companies seeing customers as the key driver for
carbon/water risks and opportunities

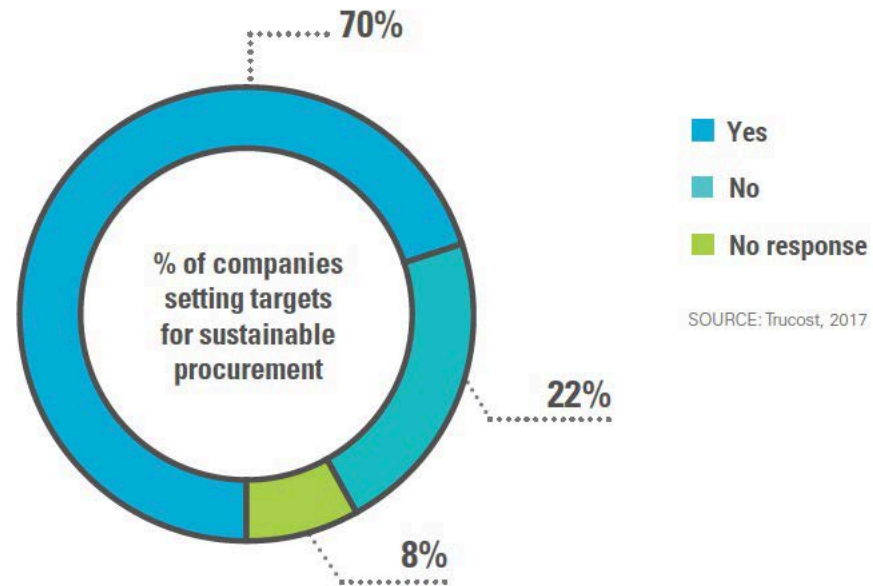


REPUTATIONAL DAMAGE IS THE MOST SIGNIFICANT RISK DRIVER FOR FORESTRY & PAPER COMPANIES

Number of companies recognizing environmental risks driven by consumers, by likelihood and magnitude of risk

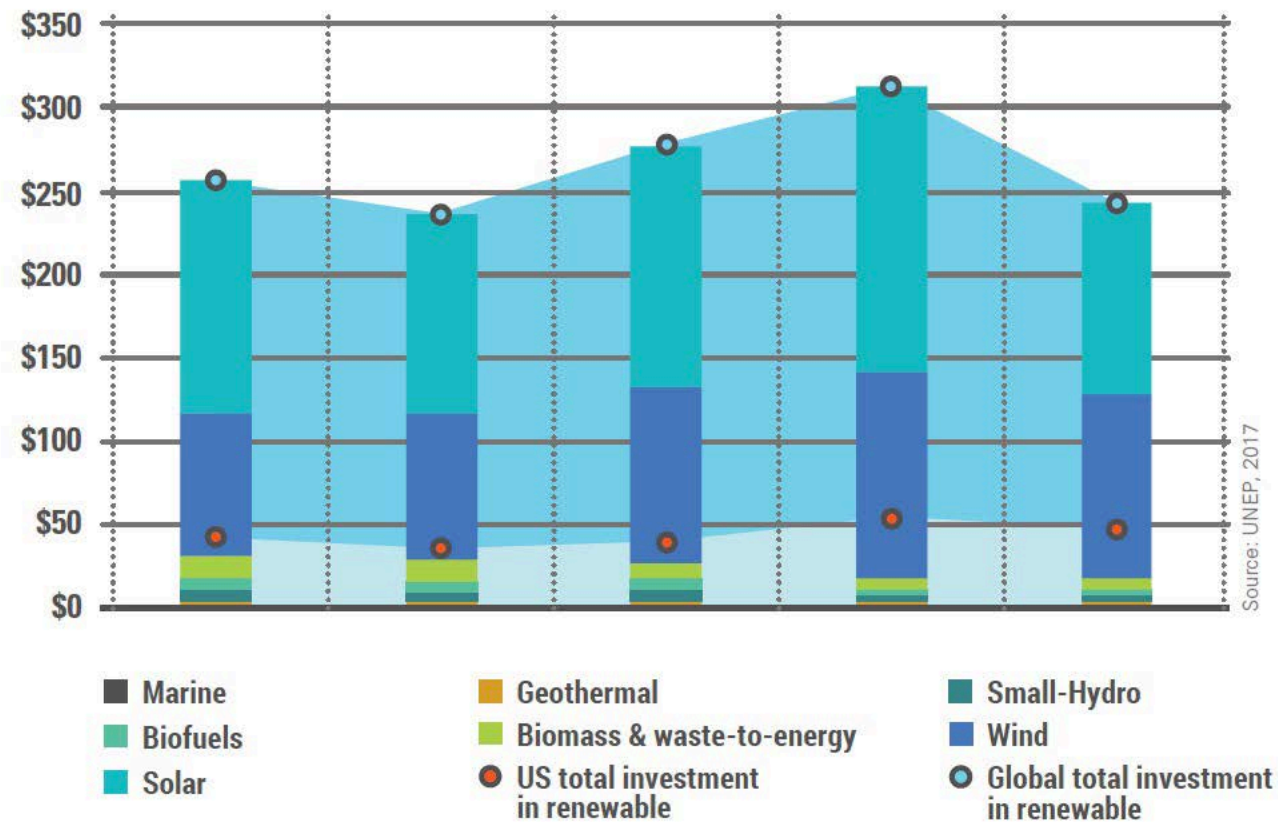


MOST FORESTRY & PAPER COMPANIES HAVE TARGETS FOR SUSTAINABLE SOURCING

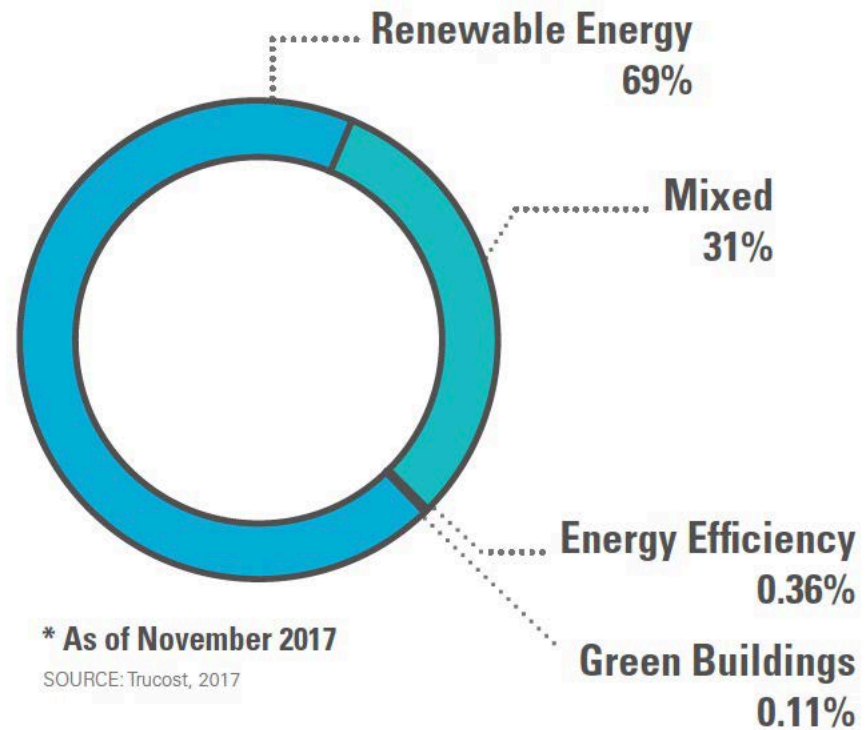


INVESTMENT INTO RENEWABLES HAS COOLED OFF

Total Investment (Billions USD)

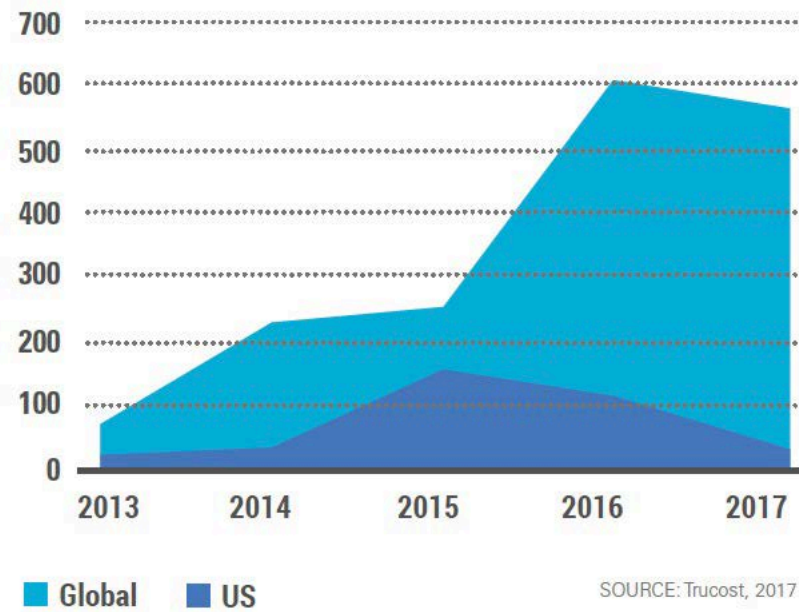


SOURCE OF GHG SAVINGS BY CORPORATE GREEN BONDS*



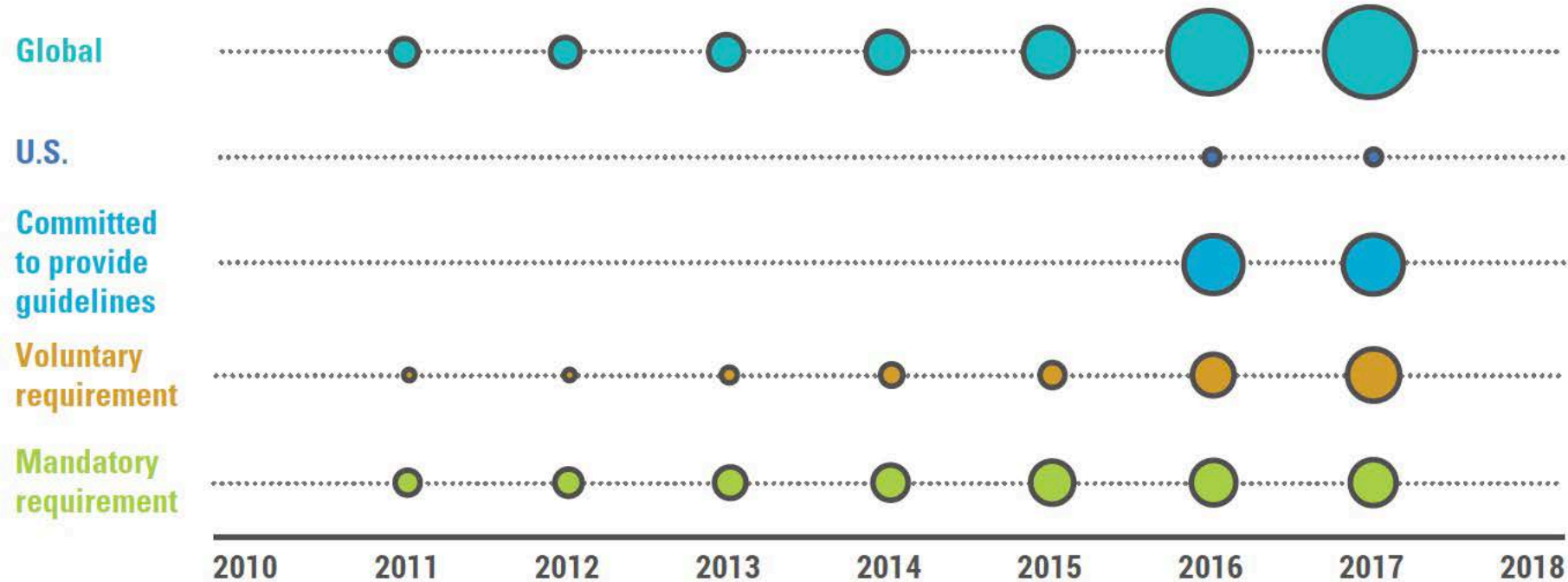
GHG EMISSIONS SAVINGS FROM CORPORATE GREEN BONDS

Millions of tCO₂e avoided by corporate bonds



INCREASE IN STOCK EXCHANGES SETTING ENVIRONMENTAL LISTING REQUIREMENTS IN 2016

Number of stock exchanges with environmental listing requirements



SOURCE: Trucost, 2017