

## ESG Radio Broadcast on:

### CLIMATE CHANGE AND NATURAL CAPITALISM

I would like to spend some time today on issues behind the challenges that climate change and global warming present us, as the human race.

We often hear about how our traditional economic model of growth and expansion must change as this is leading to over exploitation of natural resources and human rights as well as the unmanageable levels of pollution resulting in climate change. The question is, how do we do this?

We know we have the technology to radically reduce pollution and CO2 emissions. The stark evidence presented before the world of the impacts from global warming is coming at us at breakneck speed. However, two examples illustrate how our actions are not matching our intellectual understanding of these problems.

Recently the Campo association for Large Industries applied to **increase** its CO2 emission allowance as if their existing levels were not already shockingly high! Also the news yesterday about how the European Commissioner for the Environment, Mr. Dimas, is meeting great resistance from car manufacturers in Europe to significantly reduce car emissions.. **The** Commissioner stated that with current emission levels Europe will **NOT** be able to meet its Kyoto obligations, so clearly something's got to give. However the motor industry continues to resist tighter regulations. The European Industry Commissioner, Guenter Verheugen, urges them to see the plan as a spur to innovation and as a major challenge. It is clearly an uphill struggle.

We know that business interests continue to dictate to Governments and Institutions and **that this is the key area that has to change.**

**Last year World Economist Sir Nicholas Stern** added his weighty analysis that the "business as usual" model is simply not an option. So, time perhaps, for vested interests and businesses in general to adopt a new approach and new economic models??

What could these be?

One such approach could be **Natural Capitalism**. It's a new business model that harnesses environmental performance as an engine of competitive advantage. Previous industrial revolutions were based on availability of resources and poor ability to access these from a seemingly boundless, natural world. Today, we face a very different pattern of scarcity – abundant people and labour saving devices, but a fast diminishing natural capital. Natural capitalism refers to the earth's natural resources and the ecological systems that provide life-support services to society and all living things and the fact that these services are of immense economic value: some literally priceless, since they have no known substitutes. Yet, we operate as if there were no limits and as a result, natural capital is being degraded.

Natural Capitalism would create opportunities. Being based on four main principles which are:-

- **Radically increase the Productivity of Natural Resources**
- **Shift to Biologically inspired Production Models and Materials**
- **Move to a "Service and Flow" Business Model and**
- **Reinvest in Natural Capital**

They clearly support the need for a radical rethink on how we do what we do and help us face the challenges that lie ahead to reduce the impact we are having on our planet and limit the damage we are causing through global warming.

In our next newsletter we shall explore these principles further as a positive way of addressing the serious issues facing the environment and the human race today.

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