Some externalities

- Clean river
- Clean air
- Stable climate
- Clean sand
- Biodiversity
Clean river
Clean sand
Stable climate
Biodiversity
Clean air

Externalities now have prices
These costs will rise

- Cost of water
- Cost of *treating* water
- Cost of garbage disposal
- Cost of cleaning up contaminated land
- Cost of reducing air pollution
- **Cost of protecting biodiversity**
- **Cost of emitting greenhouse gases**
- Environmental fines of any kind
- Cost and *number* of indemnities to employees and clients
- Damage caused by NGO campaign against your company
Risks for a financial institution

Credit risk: default

Collateral: depreciated assets

Reputation risk

Shareholder risk: depreciation of stocks