



for a living planet

Climate change policy, Industry commitment to new energy, Key areas for energy future

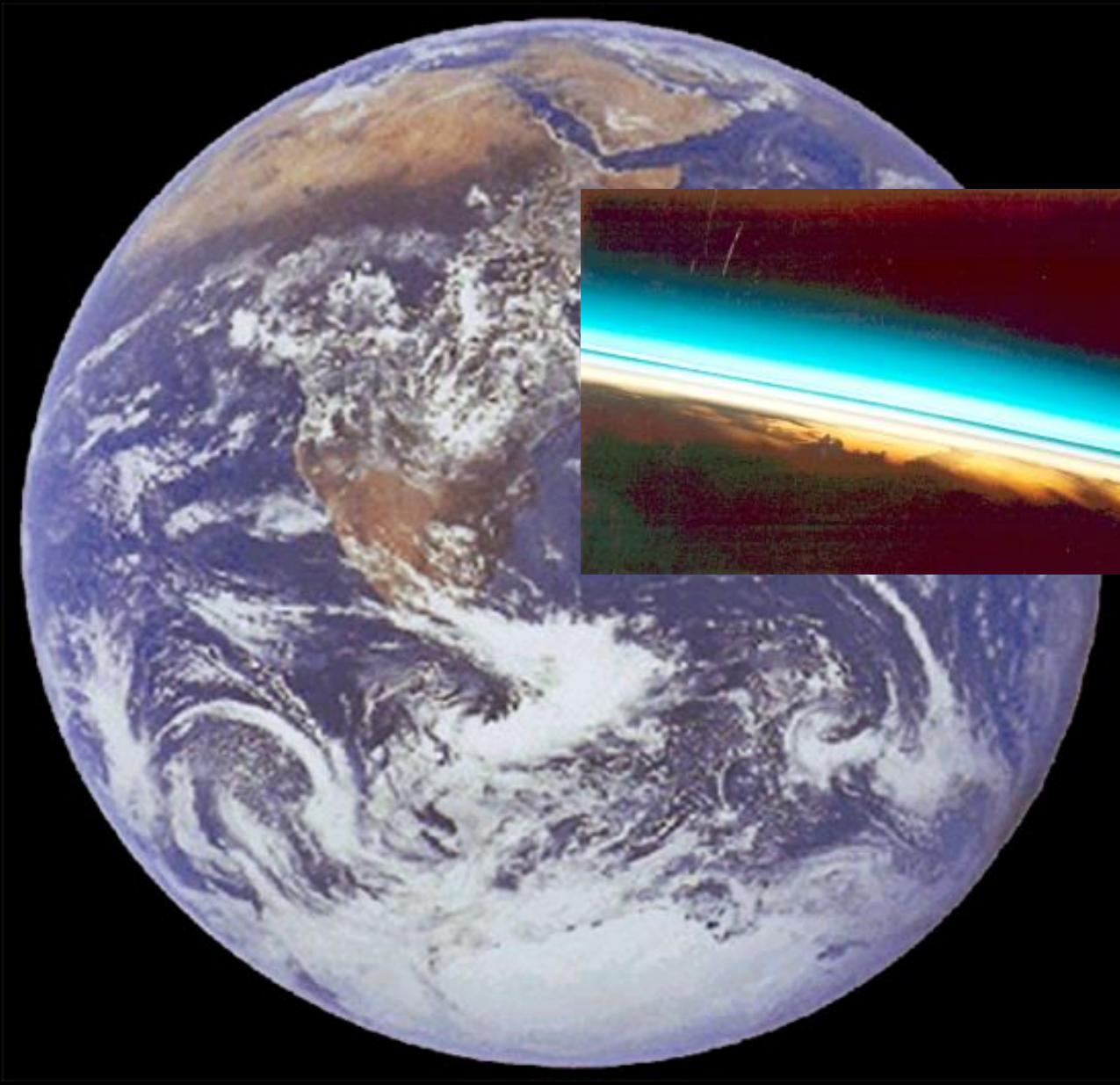
Martin Hiller, WWF Climate Change Programme
Commodities Investing Conference
Geneva, 28 November 2006





- What is climate change?
- 2°C and 15 years
- Global policy making
- Outlook - biofuel, efficiency, coal
- 3 examples – Sony, Lafarge, Allianz







Danger threshold is 2°C

2°C compared to 200 years ago

Today almost 1°C up

10 to 15 years window



Kyoto – global policy framework

- Sets global rules
- 35 industrialised countries reduce emissions
- Emerging economies report emissions
- Regulates emission trading

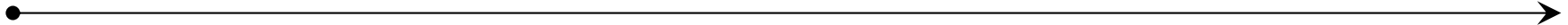
1997 –
Kyoto
agreement

2005 –
Kyoto
comes into
force

*Now:
negotiating
second
phase*

2012 – end
of phase 1 of
Kyoto

*Deeper
reductions,
Longer-
term
security for
financial
markets*





Achieving a new energy policy

Phasing out fossil fuels

Renewable energy and energy efficiency

Peak CO2 emissions in **15 years**



Biofuel
Coal
Energy efficiency



Biofuel – yes within limits

- EU 5.75% biofuel of all road transport – by 2010
- But:
- **Impacts land use, forests, freshwater, energy, labour**
- Reduce overall energy demand for transport
- Ensure real CO₂ reductions
- Guarantee sustainable production – environmental assurance
- Social assurance especially for imports
- Sugar for example



Coal – the dirty problem

- Ample availability
- Inefficient – lots of CO₂ per energy unit produced
- Power sector – 40% of CO₂ emissions
- Coal use needs to be reduced as much as possible
- Replace by renewable energy
- Increase energy efficiency
- Carbon Capture and Storage
 - Transition only
 - Ensuring permanent storage, no leaking
 - No negative impact on environment or nature
 - Independent verification and monitoring



Energy efficiency – rapid and cost-effective

- Huge potential
- EU can save up to 30% energy at no economic cost
- Stand-by up to 13% of residential energy use
- Advice for consumers and retailers - topten.info
- Pressure on manufacturers
- Mandatory limitations needed



The first one in the lake...

- WWF partners with first movers
- Cutting-edge companies
- Profitable and practical approaches to reducing CO2 emissions
- Act now - cost savings, leadership, recognition
- Implement climate management strategies
- Verify emissions reductions



Consumer Goods - SONY

- Climate Savers Company
- Global agreement
- Cutting CO2 emissions by 7% by 2010, compared to 2000 (2.2mio tons)
 - Energy efficiency, renewable energy, production gases
- Increases energy efficiency of its appliances
- Informs its clients
- Supports the view that we must stay below 2°C



Financial services

ALLIANZ



RISKS: THE COST OF DOING NOTHING

- 2002 European floods cost €13bn
- 2003 European heat wave cost €10bn
 - 37,000 deaths
 - 5% of Portugal's forests destroyed (€1bn)
- 2004 Increased intensity of tropical storms pushed insured weather losses to a record €32bn
- 2005 Hurricane Katrina cost \$120bn



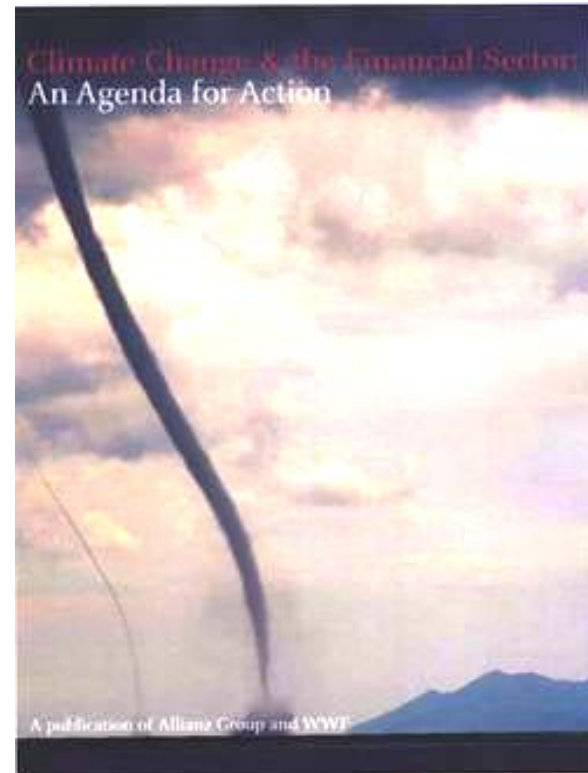
- **Stern Review estimates cost for inaction at up to 20% global GDP**



FINANCE SECTOR - AGENDA FOR ACTION

A publication by Allianz and WWF

- INSURANCE:
 - Research to better **predict and underwrite** climate related risks
 - Use **environmental due diligence** when screening companies
 - Work with clients to **promote low carbon products** and activities





FINANCE SECTOR AGENDA FOR ACTION:

- BANKING:
 - Review and optimise **carbon-related risk** in all operations
 - Define clear **requirements for clients** for carbon risk reduction and market strategies
 - Facilitate the **financing of low-carbon technologies**





FINANCE SECTOR AGENDA FOR ACTION:

- ASSET MANAGEMENT:
 - **Assess client portfolios** for climate-related risks and opportunities
 - Engage with companies to **understand** how climate change relates to their activities and what they are doing about it
 - Request and reward external researchers who can provide **high quality climate-risk data**.





Cement producer LAFARGE



CO₂ target

- In 2001, Lafarge announced its commitment to:
 - **10% absolute reduction in gross CO₂ emissions - below 1990 levels - by 2010 in developed countries**
 - **20% net reduction per tonne of cement worldwide**
 - **Real bottom line impact**

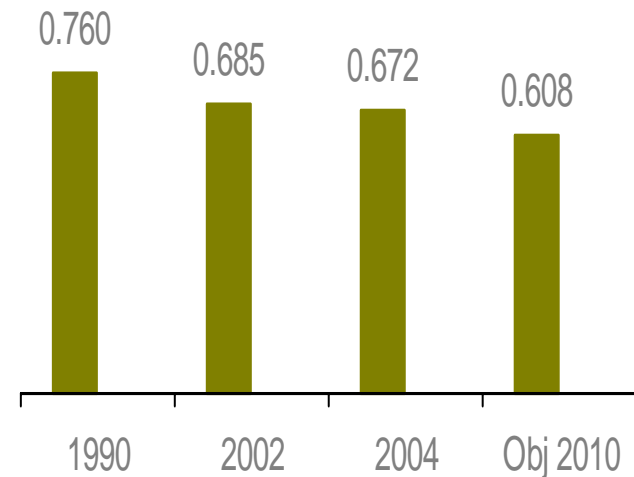


two worlds, one planet



Results

- **Absolute gross emissions in developed countries reduced by 8.3% since 1990**
- **Net emissions per tonne of cement already reduced by 12.7% since 1990**



Net emissions CO₂/ T cement



Evolution of Partnership

Phase 1: 1999-2004

Phase 2: 2005-2007

Forests/quarry restoration

Biodiversity strategy

Persistent pollutants

CO₂ Emissions reduction

Use of biomass

Sustainable construction

Local initiatives

Thanks for your attention !



www.panda.org/climate