UNEP Finance Initiative

Innovative financing for sustainability

CARBON CRUNCH

Paul Clements-Hunt,
Head of UNEP Finance Initiative

UNFCCC CoP 13

Bali, Indonesia, 11December, 2007

UNEP FI and the UNFCCC Negotiations

COP 8, New Delhi, 2002:	**Climate Risk to Global Economy**
COP 9, Milan, 2003:	**Emissions Trading**
COP 10, Buenos Aires, 2004:	**Finance for Carbon Solutions - The CDM**
COP 11, Montreal, 2005:	**The Future of Climate Policy**
COP 12, Nairobi, 2006:	**Adaptation and Vulnerability**
COP 13, Bali, 2007:	**Climate Risk & Opportunity for Financial Services in a Global Economy**

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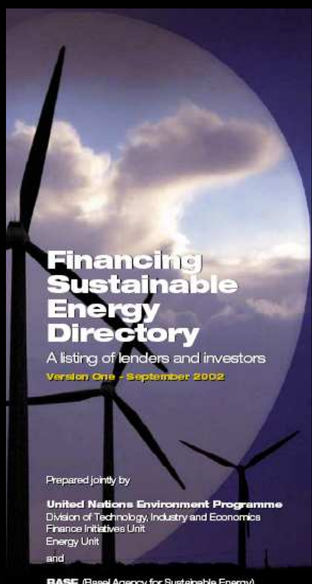
Financing Sustainable Energy Directory
A listing of lenders and investors
Version One - September 2002
Prepared jointly by
United Nations Environment Programme
Division of Technology, Industry and Economics
Finance Initiatives Unit
Energy Unit
and
BASE (Basel Agency for Sustainable Energy)


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November 2006
CEObriefing
A document of the UNEP FI Climate Change Working Group (CCWG)
Adaptation and Vulnerability to Climate Change: The Role of the Finance Sector
A stream of melt water cascading off the vast Arctic ice sheet which covers Greenland.


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CEObriefing
The Future of Climate Policy
The Financial Sector Perspective
Recommendations
CCWG Statement


SEFI
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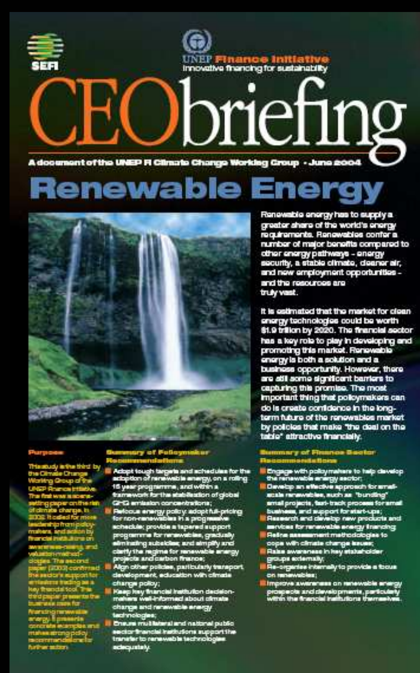
CEObriefing
A document of the UNEP FI Climate Change Working Group • January 2005
Finance for Carbon Solutions
The Clean Development Mechanism: The Financial Sector Perspective
CCWG Statement
How can these barriers be overcome?
Purpose


SEFI
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CEObriefing
A document of the UNEP FI Climate Change Working Group • June 2004
Renewable Energy
Purpose
Summary of Policymaker Recommendations
Summary of Finance Sector Recommendations


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CEObriefing
A document of the UNEP FI Climate Change Working Group
Key findings of UNEP's Finance Initiatives study
Recommendations
Climate risk to global economy


January 2004
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Emissions Trading
Climate Change Working Group Statement
Purpose

TEMPEST IN A PASTA BOWL • GORE'S VC VENTURE

FORTUNE

DISPLAY UNTIL DECEMBER 3, 2007 // NO. 21 // WWW.FORTUNE.COM

WHAT WERE THEY SMOKING?

CHUCK PRINCE
Citigroup
$9.8 BILLION

JIMMY CAYNE
Bear Stearns
$450 MILLION

JOHN MACK
Morgan Stanley
$3.7 BILLION

STAN O'NEAL
Merrill Lynch
$7.9 BILLION

HOW THE BEST MINDS ON WALL STREET LOST BILLIONS

PLUS
Geoff Colvin On The Plunging Dollar
Bob Rubin Talks To Carol Loomis

EUROPE EDITION

December 2007

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CEObriefing

A document of the UNEP FI Climate Change Working Group (CCWG)

Key messages

- It is clear from climate science and economic analysis what needs to be done to combat climate change.
- Strong, early action to reduce emissions is critical and can dramatically limit the cost of addressing climate change – the benefits of strong and early action far outweigh the economic cost of not acting.
- Leading financial institutions have been supportive and creative in addressing climate change, but in general financial sector engagement is still weak.
- Sluggish policy development is delaying progress in channelling finance and investment towards effective measures addressing climate change. In particular, government finance and treasury functions need to be actively involved in this area to give policy design a harder edge: that is, not just how to reduce GHG emissions, but how to do so in sufficient volume, at lowest cost.
- To be really effective, policies need to encourage public-private sector collaboration through appropriate regulations and incentives.
- Actions must be directed at both mitigation and adaptation as climate change is already happening and developing countries will be worst affected.

CARBON CRUNCH
Meeting the cost

Recommendations

For Policy Makers

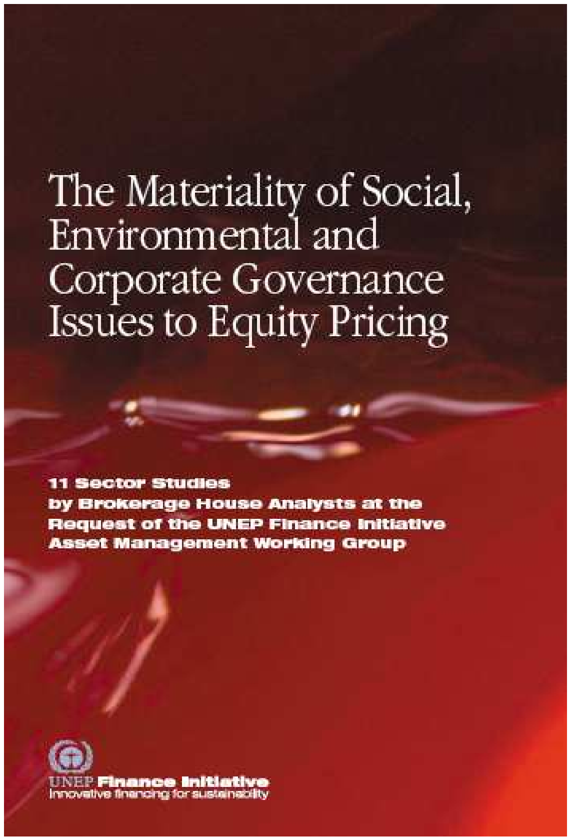
- End the uncertainty over international climate policy post-2012 through clear regulation by setting long-term emission reduction targets post-2012, especially for the critical period 2013-2050. This should be set no later than 2009.
- Ensure a systematic approach to adaptation that integrates climate change into existing and new programmes on disaster reduction/management and sustainable development.
- Involve finance and treasury functions in this area, in order to ensure the efficient use of available funds and financial mechanisms.
- Provide clear and compatible regulation of the carbon market and further globalise the carbon market to ensure its liquidity and effectiveness.
- Promote significant upscaling of R&D and investments in renewable energy and energy efficiency e.g. by setting clear targets and implementation mechanisms.

For Financial Institutions

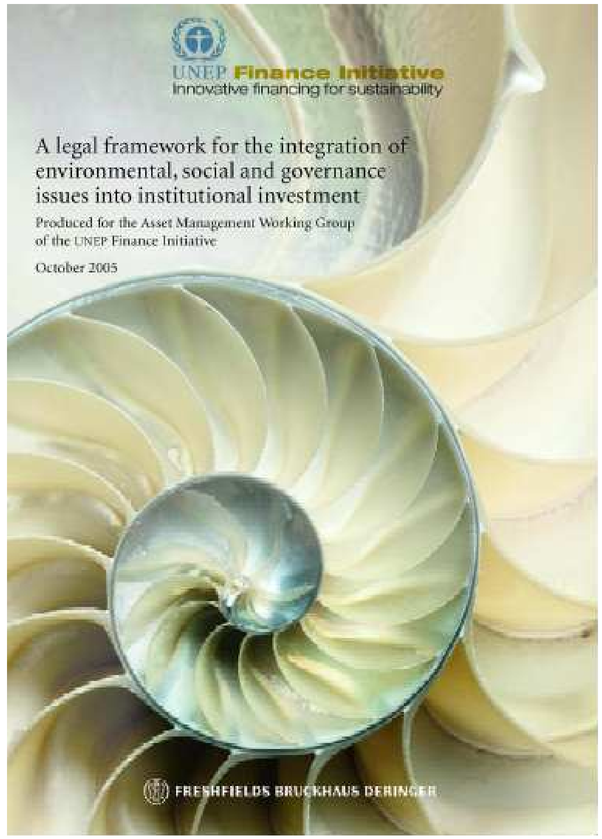
- Integrate climate change related risks and opportunities into core financial operations.
- Engage with government decision makers to optimise the allocation of available funds to combat climate change and to promote innovation and technology development at local, regional, national, and international levels of governance.
- Reduce one's own direct impacts contributing to climate change and report annual emissions transparently.

UNEP FI Asset Management Working Group (2004 – 2006)

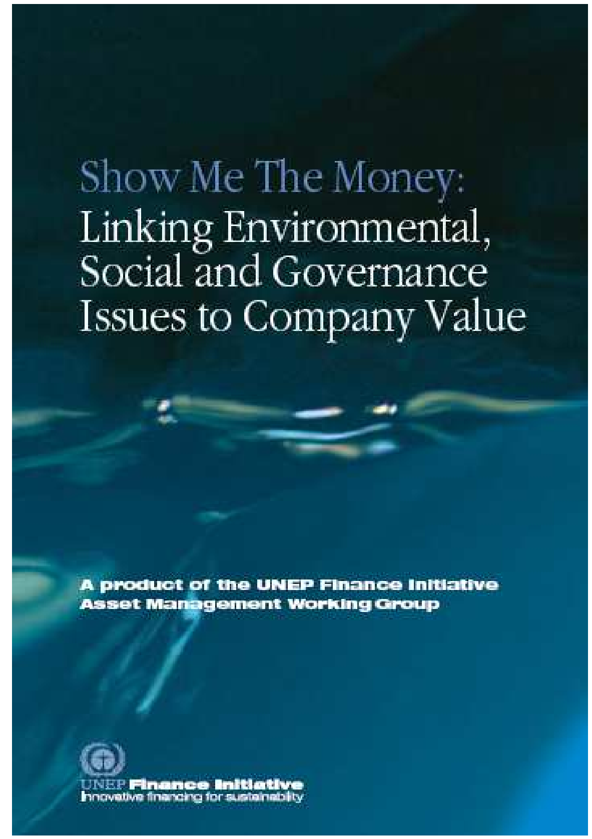
Materiality 1



Fiduciary Duty



Materiality 2



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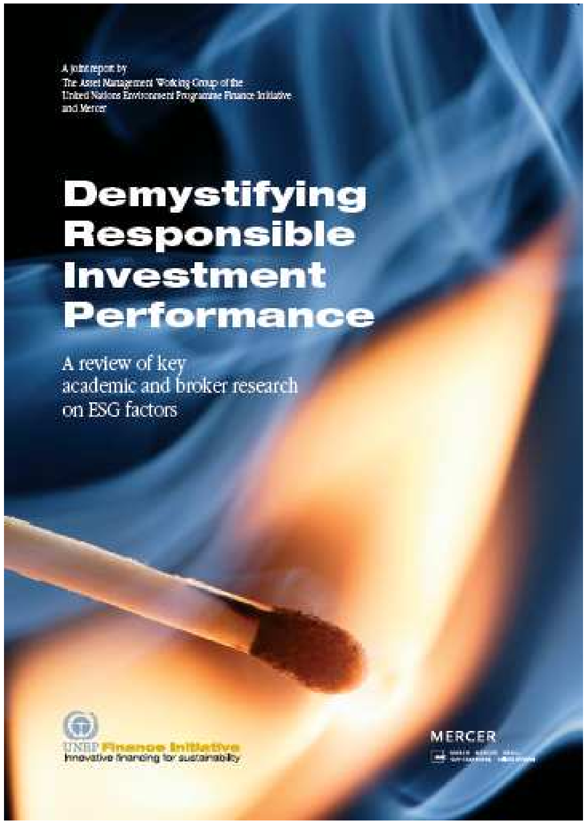
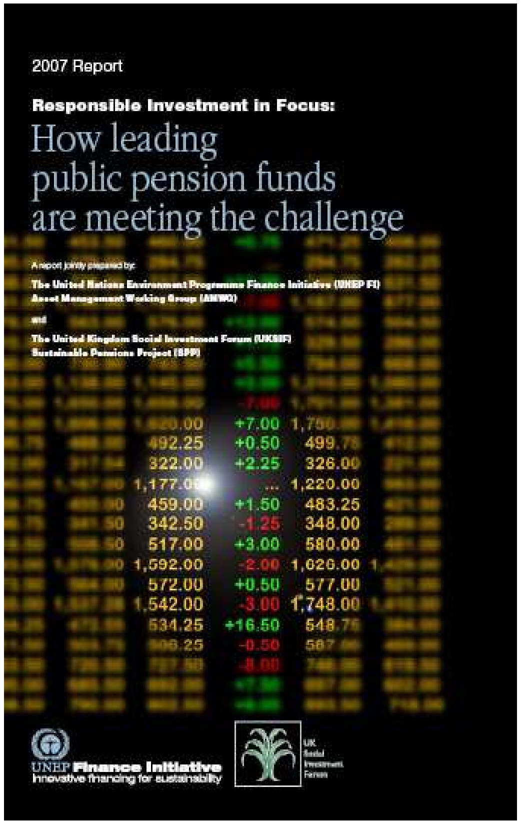
UNEP FI Asset Management Working Group (2007)

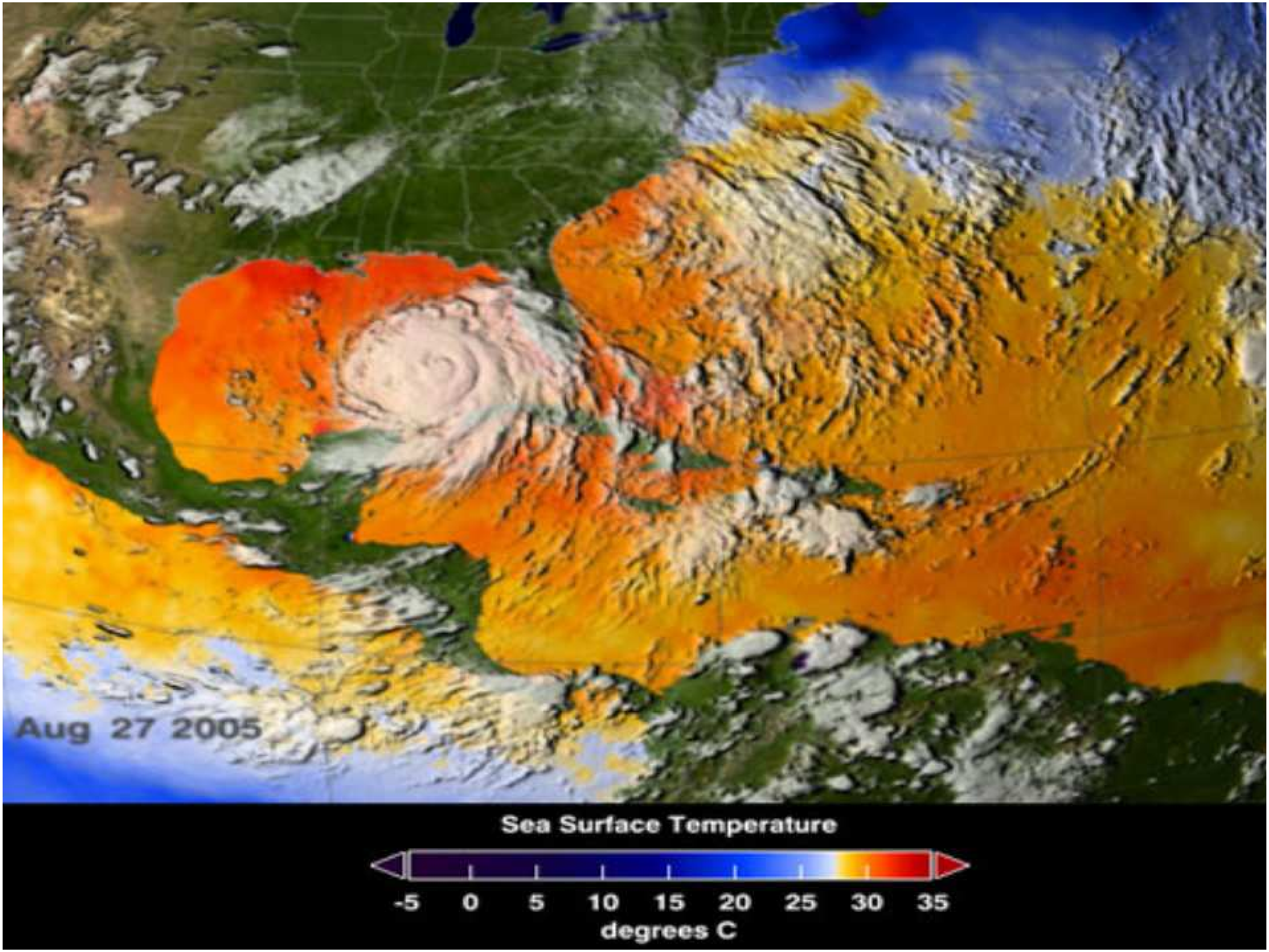
Private Banking

Performance



Pension Funds





Aug 27 2005
Sea Surface Temperature
-5 0 5 10 15 20 25 30 35
degrees C


PRI
Principles
for Responsible
PRI
APRIL
27
THURSDAY
NYSE Group

"I applaud the leadership of the institutions that have committed themselves to this undertaking, and urge other investors around the world to join this historic effort."

……*Ban Ki-Moon, UN SG, commenting on the Principles for Responsible Investment, *July 07