

## Policy Statement

### ■ Situation

The vast majority of international climate scientists agree that dangerous climate change is inevitable unless a drastic reduction in anthropogenic greenhouse gas emissions is achieved in the next few decades. The risks of dangerous climate change are unacceptable for human beings and for the planet as a whole.

The economic consequences can likewise be disastrous. Climate change exposes companies to risks which are very hard to calculate, and to rising financial burdens. The costs of effective and immediate climate protection are very much lower than the costs to the economy as a whole of further increases in greenhouse gas emissions. Innovations in low-emission techniques, processes and services are therefore a key competitive factor for the coming decades.

That is why we need effective and efficient climate policy and background conditions that give a dependable framework for long-term planning. They have to strengthen the development of new markets for climate-friendly technologies and innovations; at the same time, that gives tremendous opportunities for the German economy to continue playing a leading role in technological developments and future growth markets.

We see our role as a company in making effective contributions to the development and dissemination of greenhouse gas saving technologies and systems. On the other hand, we wish to give the Chancellor and the Federal Government active support in the development and implementation of cost-effective international climate policy.

### ■ Goals of effective climate policy

As most climate models show, a doubling of the concentration of greenhouse gases in the atmosphere will lead to warming of between 2 and 4.5 degrees Celsius. If emission of greenhouse gases continues in the same way as now, their concentration in the atmosphere will be more than tripled. There has never been global warming of this magnitude in the whole history of humankind. It is therefore essential to limit global warming to 2 degrees Celsius compared with the pre-industrial level, as shown by all scientific knowledge.

To achieve this goal with a relatively high degree of probability, it is essential to limit and reduce greenhouse gas emissions worldwide. The industrialized countries should reduce their greenhouse gas emissions by considerably more than half by the middle of this century, as shown by the scenarios presented by the IPCC.

Responsible action by the business community and responsible policy by the government should be guided by these climate policy goals. They can be achieved by systematic climate protection action in all relevant sectors, that is power generation, heating, transport, manufacturing industry, private households and land use. That requires the development of innovative technologies, products and services. And that in turn is dependent on setting of the right political background conditions at national and international level. A change in awareness in society is also needed, moving to use of climate-friendly products and services.

### ■ Direction of effective climate policy

Effective climate policy is based on three major elements:

1. Development of a global market for greenhouse gas emission rights, making them an effective and low-cost tool for climate protection. Trading in certificates puts a price on the emission of greenhouse gases, and this will be included in costing by industry. Economies which do not participate in emissions trading should ensure that a price is put on emissions by taking alternative measures that have an equivalent effect.
2. The development of greenhouse gas saving technologies and processes by vigorous technology policy implemented in close cooperation between industry and government.

3. Removal of the existing regulatory obstacles to investments in climate protection measures, to permit elimination of regulatory obstacles to climate protection measures, in order to create new business fields for companies in the near future.

## ■ Creation of an effective climate policy

We support the Federal Government in its resolute efforts to implement climate protection:

- Long-term goals and unified regulations to generate the necessary planning security for corporate decisions for climate protection. International agreements with clear and binding contents are needed to proceed after the expiry of the Kyoto Protocol in 2012, setting appropriate reduction targets and putting in place an effective system to achieve them. It is desirable from the climate policy viewpoint for the new agreements to be signed by all the relevant industrialized states, including the United States and Australia, with a binding commitment to reduce their emissions. The major emerging countries such as China, India and Brazil should also be included with appropriate contributions to limiting emissions.
- The flexible instruments of the Kyoto Protocol – especially Joint Implementation (JI), Clean Development Mechanism (CDM) and international emissions trading – should be further developed, and bureaucratic complications removed, to make them efficient market-economy tools for climate protection policy. At the same time, it must be ensured that the emission reductions are of sustainable quality.
- It is essential to reinforce the framework conditions for development and dissemination of new technologies, especially energy efficiency techniques, renewable energy sources, and Carbon Capture & Storage (CCS). These techniques should be promoted by the introduction of subsidy conditions of equal ranking. Appropriate trading and export conditions could help to establish these technologies and systems particularly in the rapidly growing emerging countries. In this period of changeover in energy supply, no possibility of CO<sub>2</sub> free energy generation should be excluded in principle.
- Developing countries have to be included rapidly in the international framework structures for climate change. Apart from CDM, they should be supported by further innovative tools such as micro-credits and micro-insurance in the international finance markets.
- Greater attention should be given to protecting the functionality of natural greenhouse gas sinks, such as the oceans, the forests, moors and soils. Exploitation of these eco-systems is responsible for some 20% of global greenhouse gas emissions, and has to be stopped.

## ■ The role of the initiative “2° - German CEOs for Climate Protection”

As German CEOs, we want to take responsible action for avoidance of dangerous climate change:

- We will give the German Government active support in development and implementation of a global, effective, market-economy oriented climate policy.
- We will use the skills and knowledge of our companies for climate protection.
- Our most important contribution is development in this country of the technologies, processes and services that can be used worldwide for effective reduction of greenhouse gas emissions. With this in mind, we are supporting the active leadership role undertaken by Germany and the European Union on the way to a low-emission economy.
- We wish to use our international business relations to advance the international process of consensus for a global post-Kyoto agreement.

We see close cooperation of government and the business community as a chance of reducing climate-relevant emissions rapidly and effectively, and at the same time of opening up great economic opportunities for German industry, by introduction of leading-edge technologies and innovative business models.

Berlin, 16 March 2007

## Members

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