WORLD BANK CARBON FINANCE UNIT

Update on marketing to the private sector

Justin Adams, Paris 17th October 2012

Carbon Finance
AT THE WORLD BANK

FOREST CARBON PARTNERSHIP FACILITY

BIOCARBON FUND

EXECUTIVE SUMMARY

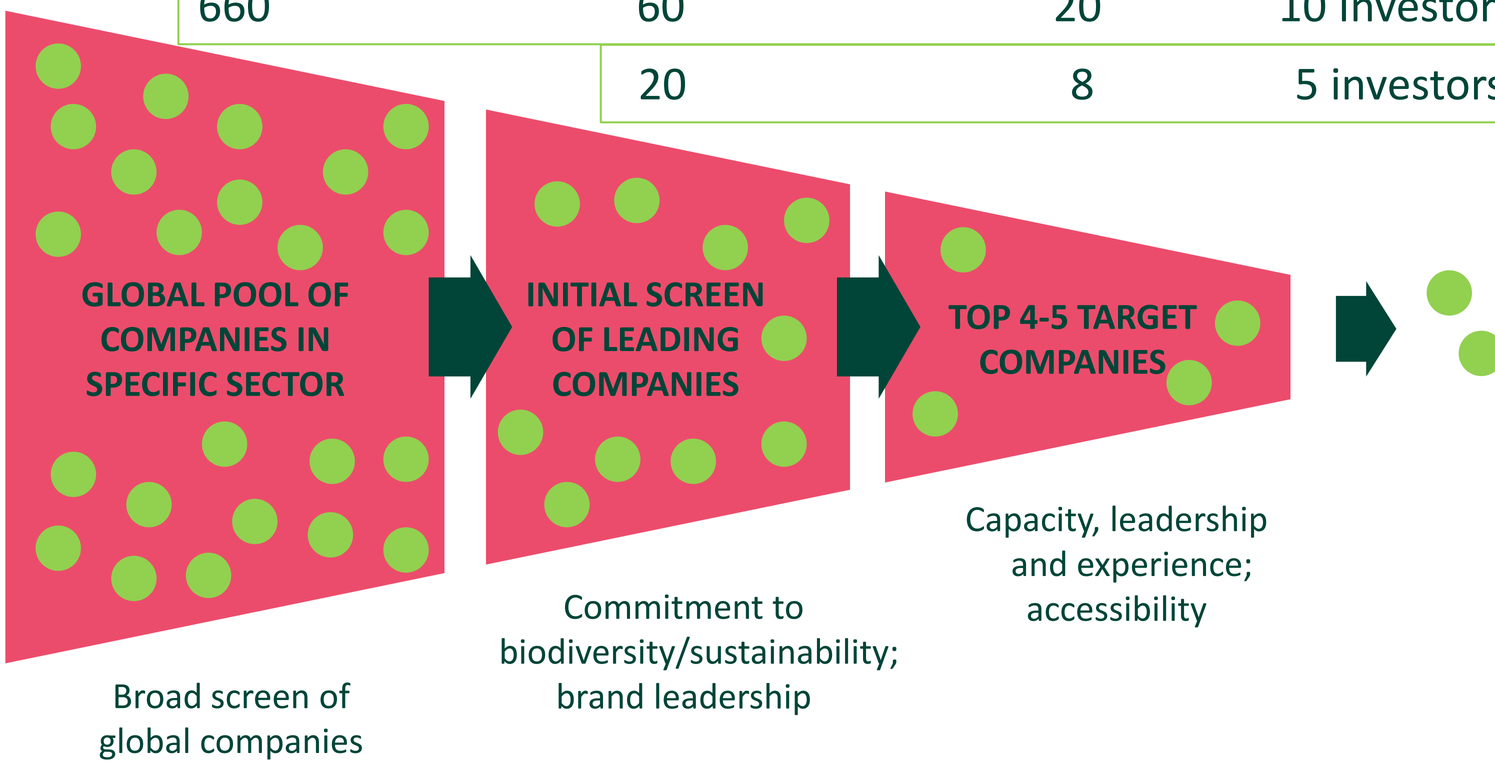
The World Bank is seeking strategic partners from the private sector for two pioneering land based carbon funds, investing in forestry and sustainable agriculture – The Forest Carbon Partnership Facility and BioCarbon Fund Tranche 3

- Land is becoming a critical nexus for multiple challenges humanity faces including food, water, energy and climate security
- Land based carbon represents some of the largest and lowest cost emission reduction options globally
- While global carbon market efforts are stalled, local compliance schemes (e.g. Australia, California) are moving forward and there is still a robust voluntary carbon market all encouraging land based carbon
- As a result, land based carbon will be increasingly strategic to corporates from multiple sectors in the next few years
- The World Bank as a whole is pioneering approaches to sustainable agriculture, integrated landscape planning and land based carbon value streams
- The Carbon Finance Unit within the Bank has a track record delivering 110 M tonnes in aggregate since 2000
- The FCPF and BioCF T3 provide a strategic learning platform for private sector players to understand and participate in increasing productivity of agricultural lands, land restoration of degraded lands, and reducing emissions from deforestation and forest degradation
- The World Bank is creating a strategic partnership of leading companies from the private sector to participate in one or both these leading funds

Screening Private Sector Companies

- Screening to prioritize corporate targets
- Impossible to entirely automate; **judgement** required to capture all targets
- Sector groupings improve process:
  - » Match filters
  - » Target sector leaders
  - » Balance investor participation

660	60	20	10 Investors	BioCF
	20	8	5 investors	FCPF



Basis for Analysis

- Universe of 655
  - Initial World Bank targets + 100 suitable other companies

- 12 broad sector categories
  - Industrials and Power (103)
  - Food and Drink (97)
  - Retail and Consumer Goods (89)
  - Pulp and Paper (59)
  - Financial Services (56)
  - Agribusiness (44)
  - Oil and Gas (34)
  - Pharmaceuticals and Cosmetics (34)
  - Technology (29)
  - Mining and Extractives (28)
  - Conglomerates (12)
  - Other (70)

- 7 Regions
  - Europe (237)
  - North America (225)
  - Asia (141)
  - Latin America (31)
  - Australasia (12)
  - Africa (10)
  - Middle East (4)

NB totals may not match due to double tagging

INITIAL CRITERIA

- Demonstrated Commitment to standards aligned with mission

1) Signatories of the Bali Communiqué
2) Prince's Rainforest Project Partners
3) Prince's Corporate Leaders' Group (UK & EU)
4) Conservation International Partners/Sponsors
5) The Nature Conservancy Partners/Sponsors
6) UNEP WCMC Integrated Biodiversity Assessment Tool Partner
7) International Union for Conservation of Nature Partners
8) Consumer Goods Forum Biodiversity Working Group members
9) World Agroforestry Centre Investors
10) World Business Council for Sustainable Development Members
11) Members of the Katoomba Group
12) WWF Global Forest and Trade Network
13) Natural Value Initiative Partners
14) Signatories of the Natural Capital Declaration
15) Signatories of the Equator Principles

Filter Criteria:

Must have committed to at least 3

INITIAL RESULTS

- Automatic Screening removed companies with less than two demonstrated commitments and with no leadership results.

- 61 Matches
  - 11 Financial Services
  - 9 Industrial and Power
  - 6 Retail and Consumer Goods
  - 6 Food and Drink
  - 6 Mining and Extractives
  - 6 Oil and Gas
  - 6 Pharmaceuticals/Cosmetics
  - 5 Agribusiness
  - 4 Technology
  - 1 Pulp and Paper
  - 1 Conglomerate
  - 1 Other

- 5 Regions
  - 33 in Europe
  - 21 in North America
  - 3 in Asia
  - 3 in Australasia
  - 1 in Latin America
  - None in Middle East or Africa

NB totals may not match due to double tagging

SECONDARY CRITERIA

- Demonstrated leadership and performance within private sector

1) Interbrand 100 Best Global Brands 2012
2) Fortune 358 Most Admired Global Brands 2012
3) Supersector Leaders on Dow Jones Sustainability Index 2011, 2012
4) Leaders in SustainAbility ratings 2011, 2012
5) Carbon Disclosure Leadership Index for Disclosure/Performance, 2011, 2012

Filter Criteria:

Top 3 from each sector scoring at least 2

TAKEAWAY MESSAGES

- Highly targeted and focused approach
  - This is not a conventional fund raise
  - Senior level invitation

- Leverage relationships
  - World Bank relationships
  - Government partners in the Carbon Fund
  - LHGP relationships

- Strategic investment
  - Emphasise this is a long term critical issue for many businesses – highly strategic
  - But long term – so need the leaders in each sector
  - Not CSR (or not only CSR)
  - Critical that FCPF builds a strategic forum to understand how to make REDD more relevant and then explore how to leverage private sector participants (more than $!)