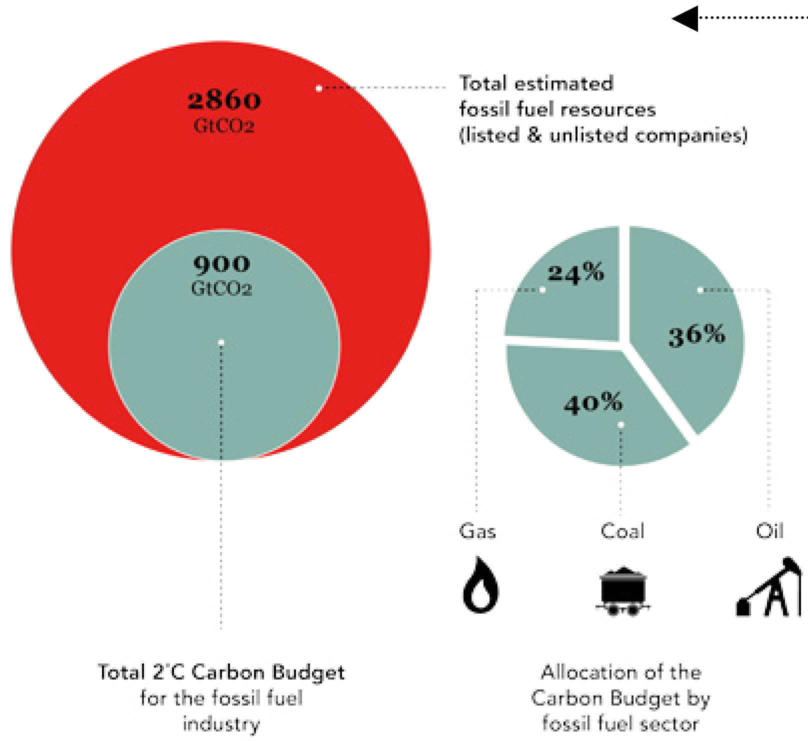
Carbon Tracker Initiative

Carbon Tracker is an independent non profit financial think-tank aimed at enabling a climate secure global energy market by aligning the capital markets with climate reality.

*Carbon Tracker has allocated to fossil fuel companies a carbon budget to 2050 with 80% likelihood of staying below the 2°C threshold.*

*Unburnable Carbon report, 2013*

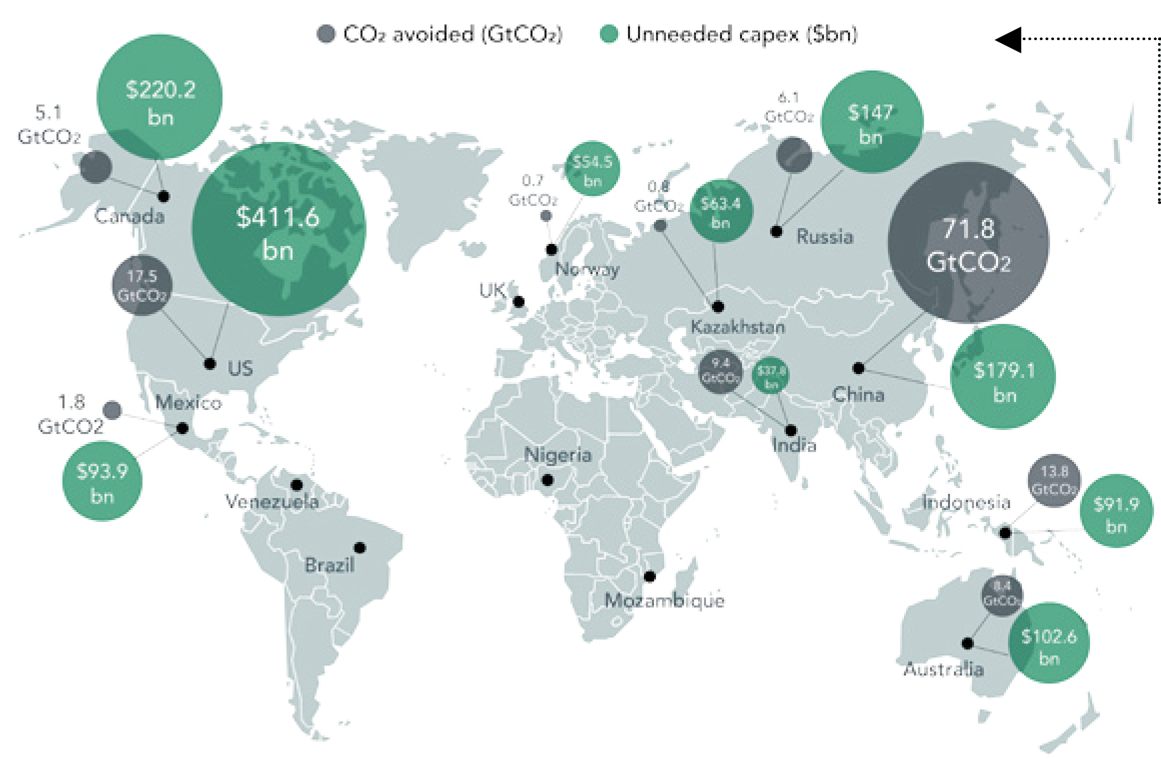



# Since 2011 the Carbon Bubble idea spread like wildfire

Our seminal analysis has shown that the coal, oil and gas in the ground far exceeds the remaining **2°C carbon budget to 2050**.

Between **60-80%** of coal, oil and gas reserves of publicly listed companies are **unburnable** if the world is to have a chance of not exceeding global warming of 2°C.

> ***We're not going to be able to burn it all.***
>
> **US President Obama**
>
> New York Times, June 2014




*The danger zone map: major regions for unneeded capex to 2025 and related CO2 to 2035 under the 2°C scenario.*

*Danger Zone report, Nov 2015*

# The fossil fuel danger zone

Companies risk wasting up to **$2.2 trillion** globally in the next decade

**Oil** demand peak in 2020, no need for continued growth **$1.4tn at risk**

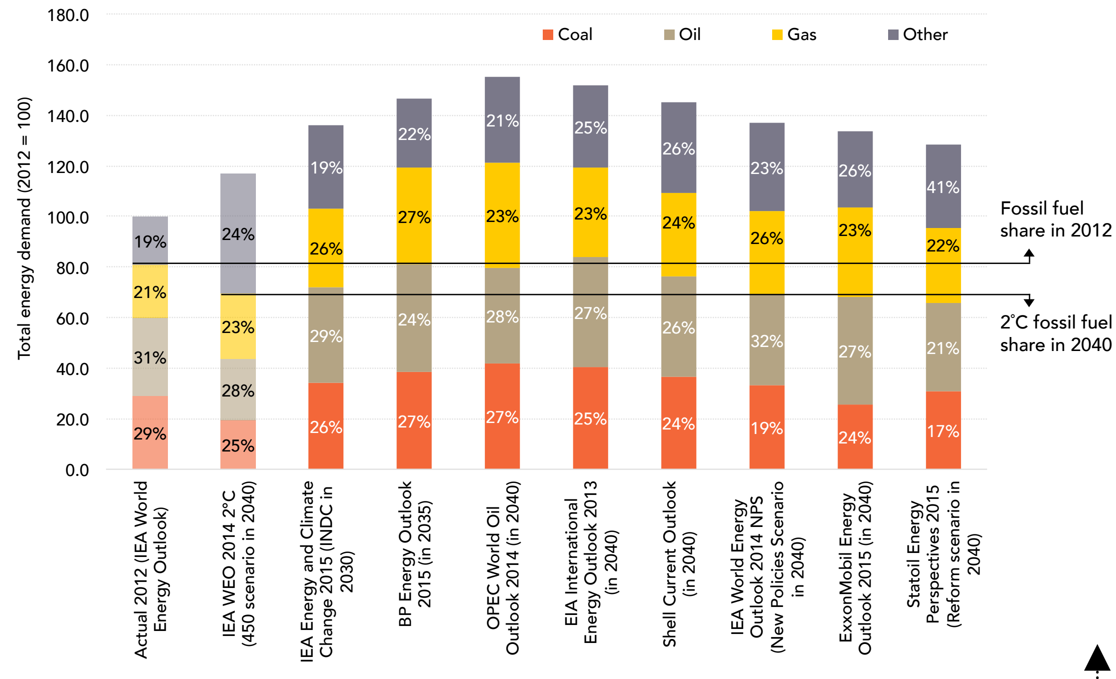
No new **coal** mines required **$220bn at risk**

Growth in **gas** will disappoint, esp. capital-intensive LNG **$520bn at risk**

# The energy sector is missing potential demand destruction

And this could lead to the creation of
**stranded assets.**

Beside climate policy reform, energy models need to consider the disruptive impact of transformational technologies.




*Expectations for the future fuel supply mix: fossil fuel company energy scenarios exceed 2C scenarios*

*Lost in Transition report, Oct 2015*

> ***Of all the recent ideas climate change campaigners have come up with to convince the world to do more to curb global warming, none has been as potent as the concept of stranded fossil fuel assets.***
>
> **Mark Carney, Governor of the Bank of England**
>
> Financial Times, September 2015

# Major financial and political institutions have integrated Carbon Tracker's analysis to make financial decisions through the investment chain.

**Financial regulators**

Mark Carney's speech on breaking the tragedy of the horizons marked a turning point amongst financial regulators, with a major central banker going on the record to acknowledge the **Financial Stability Board** needed to look at this issue, and creating the taskforce on climate risk disclosure.

**Investment banks**

**HSBC** and **Citigroup** borrowed from Carbon Tracker's arguments to advise investors to manage the increasing stranded asset risk associated with fossil fuel assets.

**Divestment movement**

The **divestment** movement, inspired by the 'carbon bubble' idea, has spread worldwide at unprecedented speed. In December 2015 over 500 institutions worth **$3.4 trillion** had committed to divest from fossil fuels.

**Asset managers**

The insurance company **Axa** sold off **$500 million of coal** assets based on Carbon Tracker's analysis.

**Pension funds**

The **UK Environment Agency Pension Fund** used our analysis to align its investment approach with a 2°C scenario.

More info at www.carbontracker.org - @carbonbubble