

Contributing to Tackle Global Warming
-Further Challenges by the Japanese Business Community-

July 7, 2014
KEIDANREN

1. Basic Concept

In order to resolve the challenge of global warming, all major emitters - both developed and developing countries - should implement effective measures.

To date, the Japanese business community has contributed to establishing one of the world's most advanced low-carbon societies through its untiring efforts of development and diffusion of advanced energy-saving / low-carbon technologies and products. We are determined to refine the technologies and products that we have developed and endeavor to further promote the establishment of a low-carbon society. In addition, through promoting the worldwide diffusion of these technologies, we will proactively contribute to tackling global warming.

2. Our efforts to address global warming

In 1991, before the United Nations Conference on Environment and Development (Earth Summit), we formulated "KEIDANREN Global Environment Charter" and declared that we would proactively strive to protect the environment. In 1997, we crystalized the principles of the Charter into "KEIDANREN Action Plan on the Environment". The Plan achieved steady results and made a significant contribution to Japan's achievement of its target under the Kyoto Protocol. These efforts have gained high acclaim both domestically and internationally: the Japanese Government values that the Plan "attained sufficiently high results," and the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) also refers to it positively.

In 2009, prior to the decision adopted at the 15th Conference of the Parties (COP15) to the United Nations Framework Convention on Climate Change (UNFCCC) to take note of the Copenhagen Accord, we declared that we would formulate the new plan "KEIDANREN's Commitment to a Low Carbon Society". This Plan's vision is that the Japanese business community will play a central role in addressing the long-term challenge of global warming by harnessing its technological prowess, and fifty-four

industries have formulated their Action Plans to date. Participating industries and companies pursue a set of action plans in line with its four pillars, namely: (1) establishment of emission reduction targets for domestic business operations at year 2020; (2) strengthened cooperation with other interested groups, including consumers and customers; (3) promotion of international contributions, including technology transfer to developing countries; and (4) development of innovative technologies. We will steadily promote KEIDANREN's Commitment to a Low Carbon Society by promoting the Plan-Do-Check-Action (PDCA) cycle.

3. Further enhancement of efforts

International negotiations on climate change issues call for global agreement on a post-2020 international framework that will be applicable to all nations by COP21 to be held in December 2015. Hence, global warming countermeasures beyond 2020 are likely to be discussed domestically as well.

Given these circumstances, KEIDANREN will endeavor to expand our efforts based on the Commitment to a Low Carbon Society (Phase II of KEIDANREN's Commitment to a Low Carbon Society) in order to further enhance our contribution to long-term measures against climate change on a global scale.

Emissions targets etc. from domestic business operations shall be established for 2030, in addition to those for 2020. Regarding strengthened cooperation with other interested groups, international contribution, and the development of innovative technologies, efforts shall be enhanced to the extent possible.

Furthermore, in order to ensure the effectiveness, transparency and credibility of the Commitment to a Low Carbon Society, KEIDANREN shall continually encourage the implementation of the PDCA cycle. Acknowledging that 2030 targets for domestic business operations entail efforts to be made over the long-term through PDCA cycle, it will become increasingly important to consider various factors, such as structural changes in society and industry or advancements made in technological innovation, and explicitly identifying the conditions assumed in setting up the targets and ensuring transparency will be vital.

KEIDANREN will also lucidly disseminate information on cooperation among actors, international contribution, and technological contributions including the development of innovative technologies, both domestically and internationally.

4. Preparing the conditions to promote KEIDANREN's initiative

KEIDANREN has continually requested that the Japanese Government adopt policy measures which will facilitate the promotion of our Commitment to a Low Carbon Society. As we approach Phase II, we anew our proposals as below.

Technology holds the key for the world to achieve sustainable economic growth while pursuing environmental objectives. Since industrial vitality is the source of making Japan's contribution to address global warming in the long-term, maintaining and enhancing the vitality of the Japanese business community, which possesses such technologies, is critical.

- (1) Engage in establishing a fair and effective international framework with the participation of all major emitters, under which the level of low carbon progress in each country is appropriately evaluated. Based on the concept of making international contributions technologically, Japan should continue to employ its proactive diplomatic strategy for countering global warming, by for example drawing upon the Innovation for Cool Earth Forum. The business community will cooperate with these Government efforts.
- (2) National target should ensure international fairness, feasibility of implementation, and appropriateness of the burden on the people, by adopting a bottom-up approach and aggregating individual efforts that will contribute to actual reductions, rather than being bound to rates of reduction from emission levels of certain baseline years. This should be underpinned by a realistic energy policy that ensures an appropriate balance among safety, energy security (stable supply), economic efficiency and environmental soundness ("S+3E"), and thus enables the achievement of Japan's growth strategy. Hence, the Government should set the context for the utilization of nuclear power as a vital base load power source, based on the premise of assured safety.
- (3) Incorporate the Commitment to a Low Carbon Society into Government policies (such as the Action Plan for Global Warming Countermeasures, etc.), as the pillar of industrial measures. The proactive efforts of the business community shall contribute significantly not only to the implementation of global warming countermeasures but also to the maintenance and enhancement of industrial competitiveness.

In contrast, emission trading schemes, the Global Warming Tax and the feed-in-tariff (FIT) program largely affect public livelihood and business vitality, and moreover, are inconsistent with combating global warming. Existing programs should

be fundamentally reviewed.

- (4) Implement policies which encourage companies to develop innovative technology under the Commitment to a Low Carbon Society, as well as to set the context – including establishing an international framework – to support the wide diffusion of Japan’s leading low-carbon technologies and products both domestically and overseas.