



September 27, 2022

WisdomTree Europe

Innovative Ways of Decarbonizing the World: How Creating A Circular Economy Can Help Achieve Climate Change Goals

Mobeen Tahir

CFA, Director,
Macroeconomic Research &
Tactical Solutions
WisdomTree Europe

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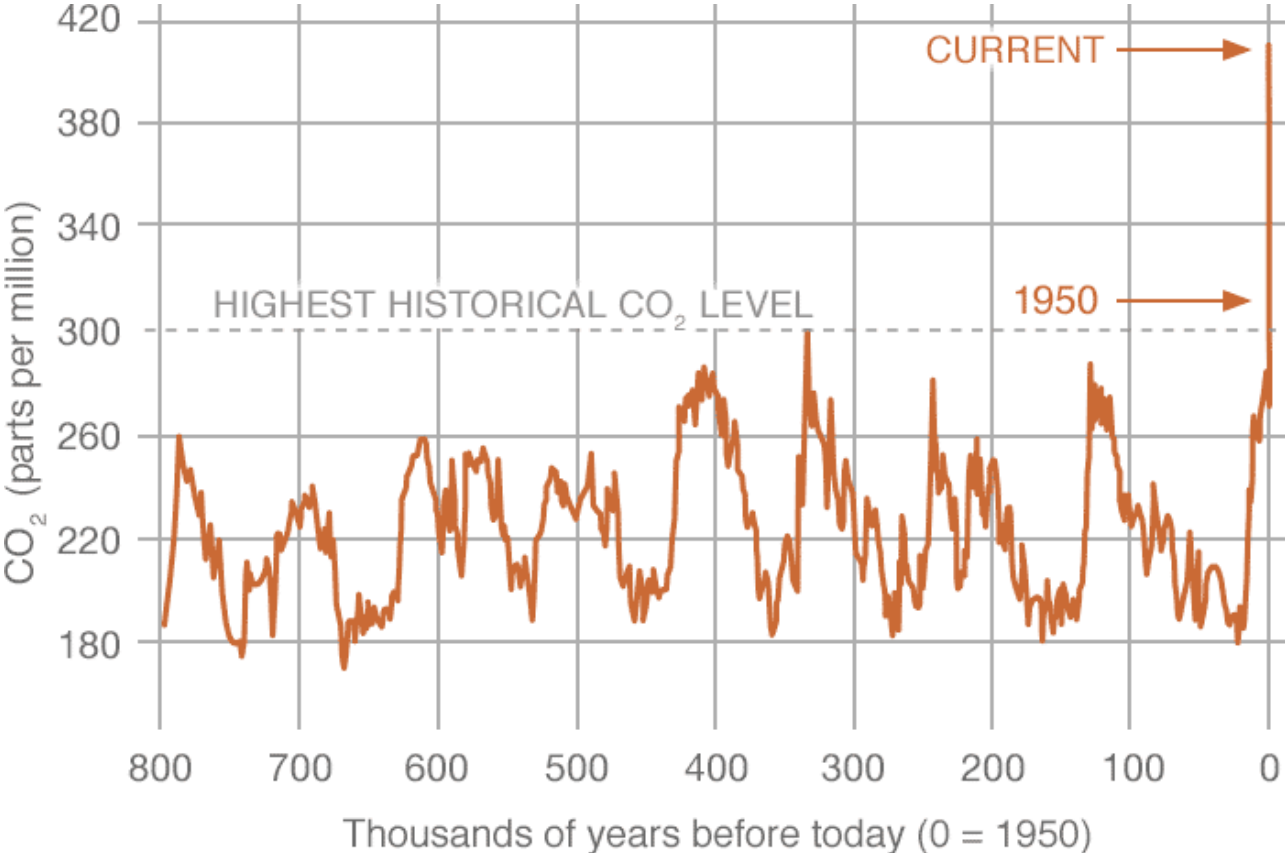
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Innovative ways of decarbonising the world: How creating a circular economy can help achieve climate change goals

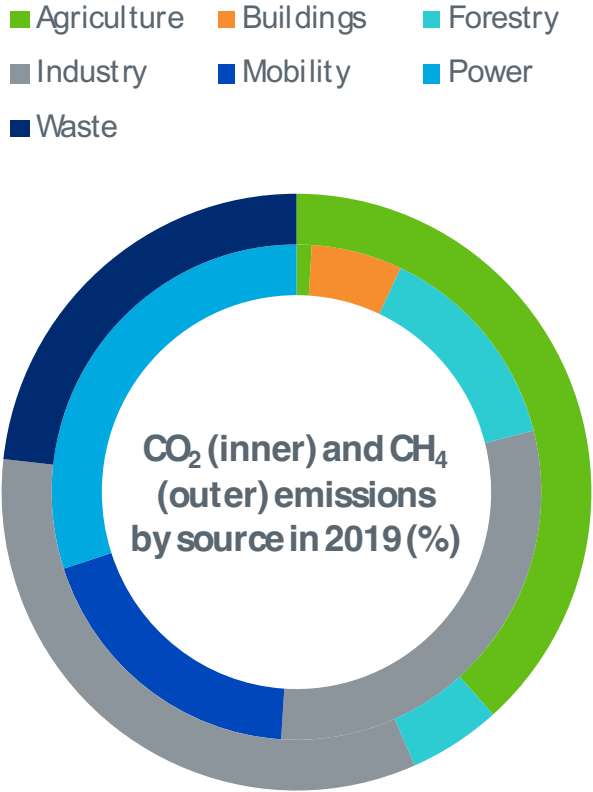
September 2022

The world has a carbon problem



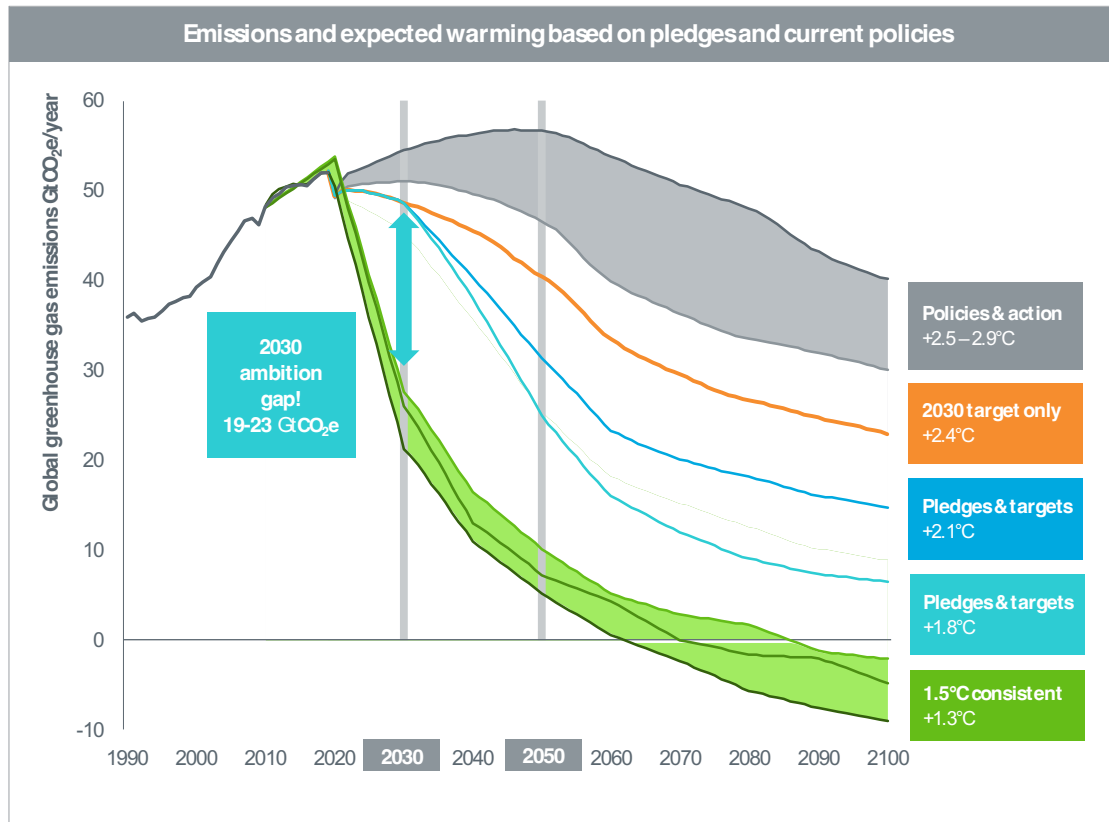
Source: NASA Global Climate Change, 2022.

Reducing carbon and methane emissions is key in achieving net zero



Source: McKinsey & Company, "The net-zero challenge: Accelerating decarbonisation worldwide", published 25th January 2022, McKinsey EMIT database.

This decade is critical in limiting global warming to 1.5°C



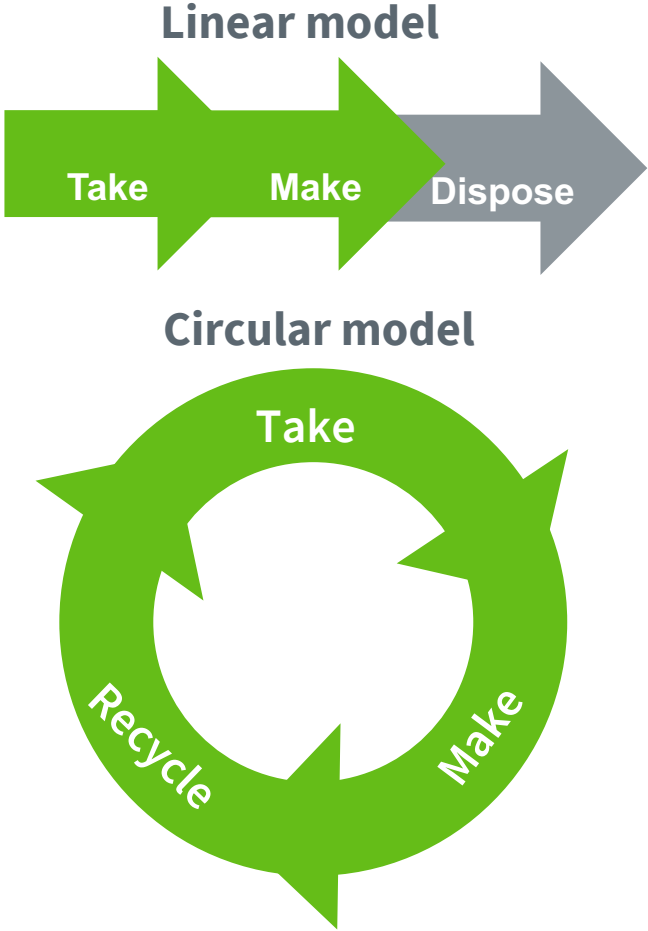
Source: Climate Action Tracker project, Climate Analytics and NewClimate Institute.

CO₂e, a carbon dioxide equivalent, is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential. **GtCO₂e** is gigatonnes of CO₂ equivalent.

1. The remaining carbon budget indicates how much CO₂ could still be emitted while keeping warming below a specific temperature level. A figure which can vary by 220 GtCO₂ or more if you factor in action on non-CO₂ emissions such as methane.

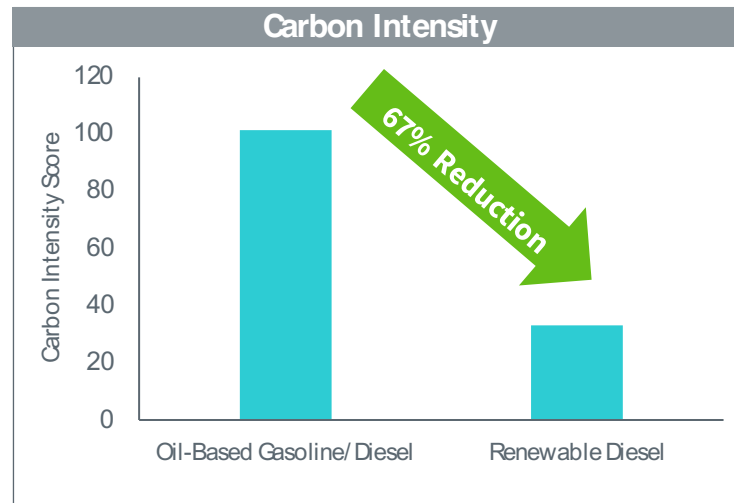
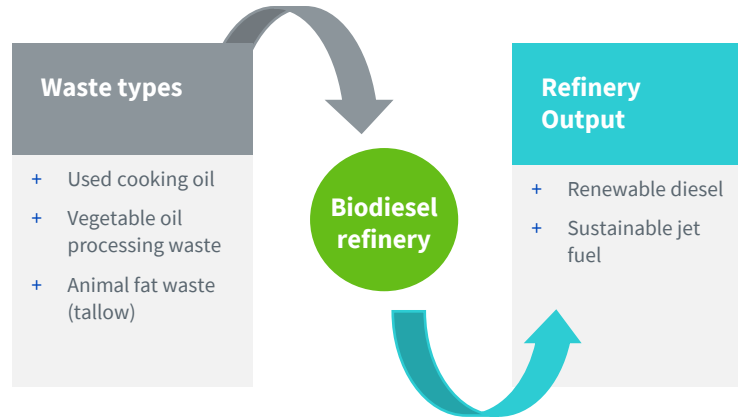
Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.

Transition to a circular economy is one of the key prerequisites in achieving net zero climate target



Source: WisdomTree, 2022.

Renewable diesel – decarbonisation potential and opportunity

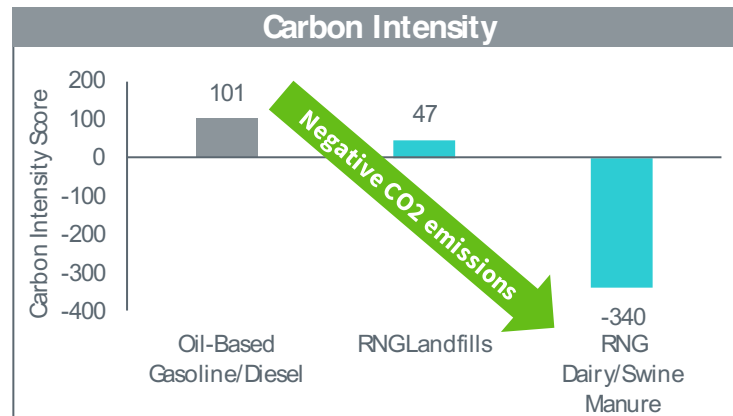
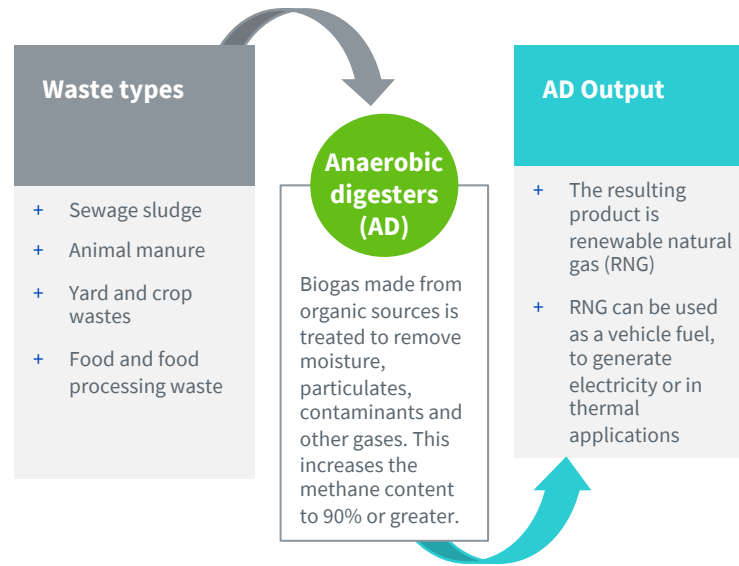


Source: WisdomTree, TortoiseEcofin; BloombergNEF, “Global Renewable Fuel Projects Tracker” published on 28th March 2022; U.S. Department of Energy, https://afdc.energy.gov/fuels/emerging_hydrocarbon.html; Statista, <https://www.statista.com/statistics/282774/global-product-demand-outlook-worldwide/>; California Air Resources Board; Neste Capital Markets Day 2021. **Chart:** California Air Resources Board, 28 February 2022, data available at <https://ww2.arb.ca.gov/resources/documents/lcs-pathway-certified-carbon-intensities>. Carbon Intensity (CI) Score figures represent the average of all CI scores for the selected facilities covered in the “Current Fuel Pathways” spreadsheet.

I. CI score measures grams of CO₂ equivalent emitted per megajoule of energy.

Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.

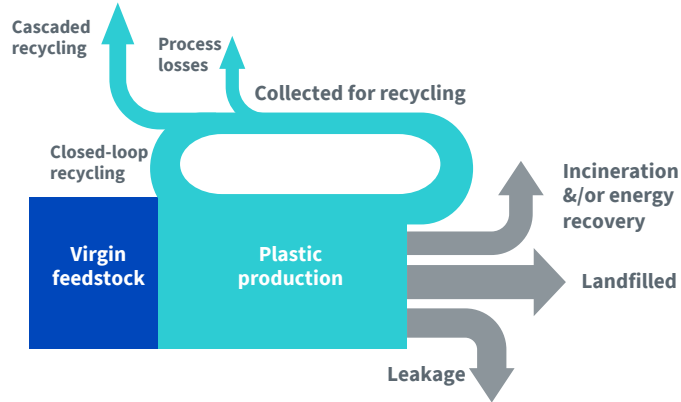
Renewable natural gas (RNG) – decarbonisation potential



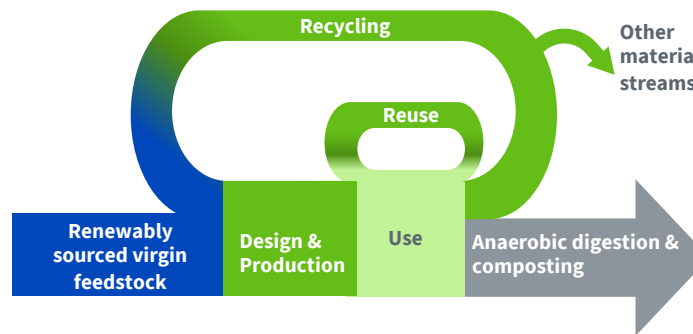
Source: WisdomTree, TortoiseEcofin; BloombergNEF, “Renewable Natural Gas Database - LiveSheet (1.1)” published on 22nd March 2022; EPA, “An overview of renewable natural gas from biogas” published in July 2020. **CAGR** is compound annual growth rate. **RFS** is renewable fuel standard. **LCFS** is the low carbon fuel standard. **Chart:** California Air Resources Board, 28 February 2022, data available at <https://ww2.arb.ca.gov/resources/documents/lcfs-pathway-certified-carbon-intensities>. Carbon Intensity (CI) Score figures represent the average of all CI scores for the selected facilities covered in the “Current Fuel Pathways” spreadsheet.

Recycling – decarbonisation potential and opportunity

The linear plastic system and the opportunity for plastic recycling

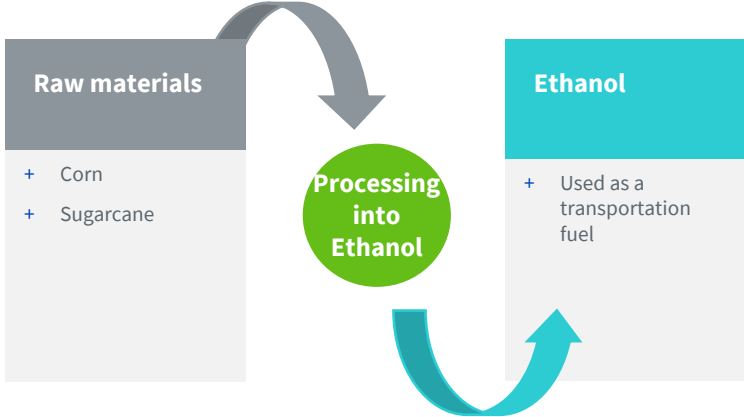


A circular economy for plastic



Source: **The linear plastic system and a circular economy for plastic illustration:** World Economic Forum, Ellen MacArthur Foundation, McKinsey & Company, “A new plastics economy: rethinking the future of plastics (2016)”.

Ethanol – decarbonisation potential and opportunity



Grow Corn / Sugarcane



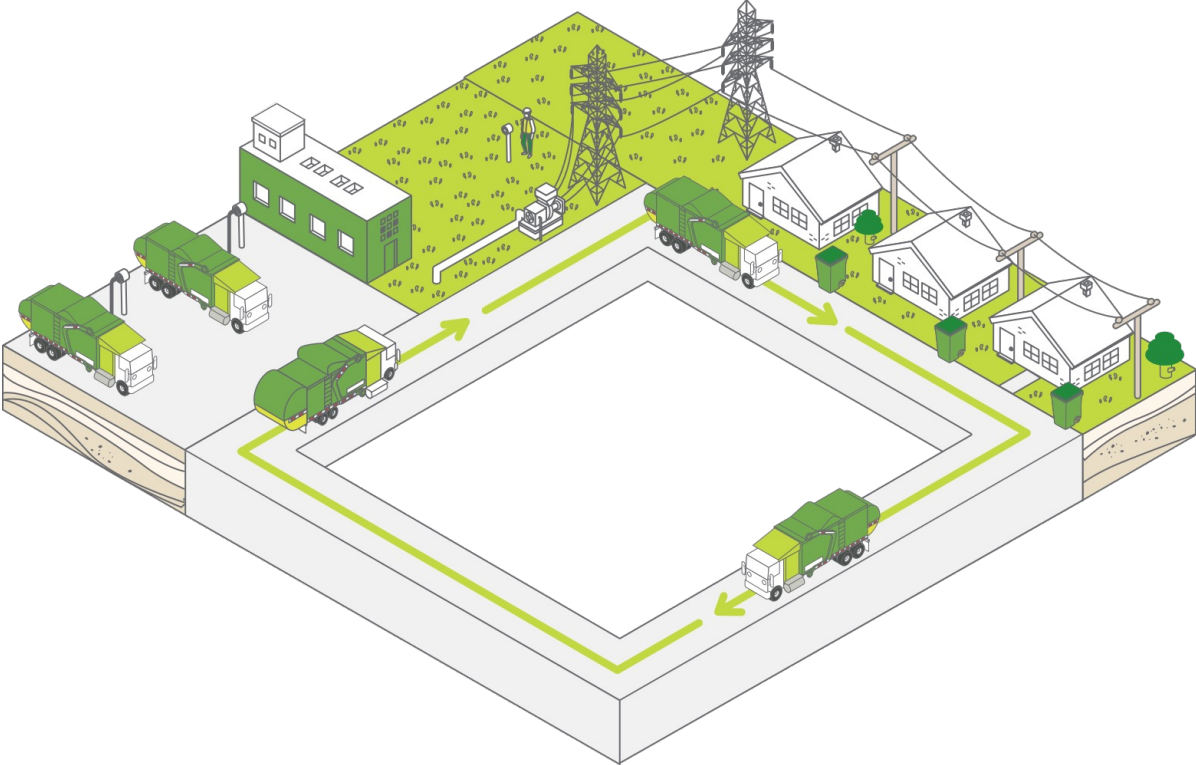
Source: WisdomTree, TortoiseEcofin.

Neste's renewable diesel has close ties with French fries



Source: Neste.com, 2022.

Waste Management Inc renews methane emissions from landfills



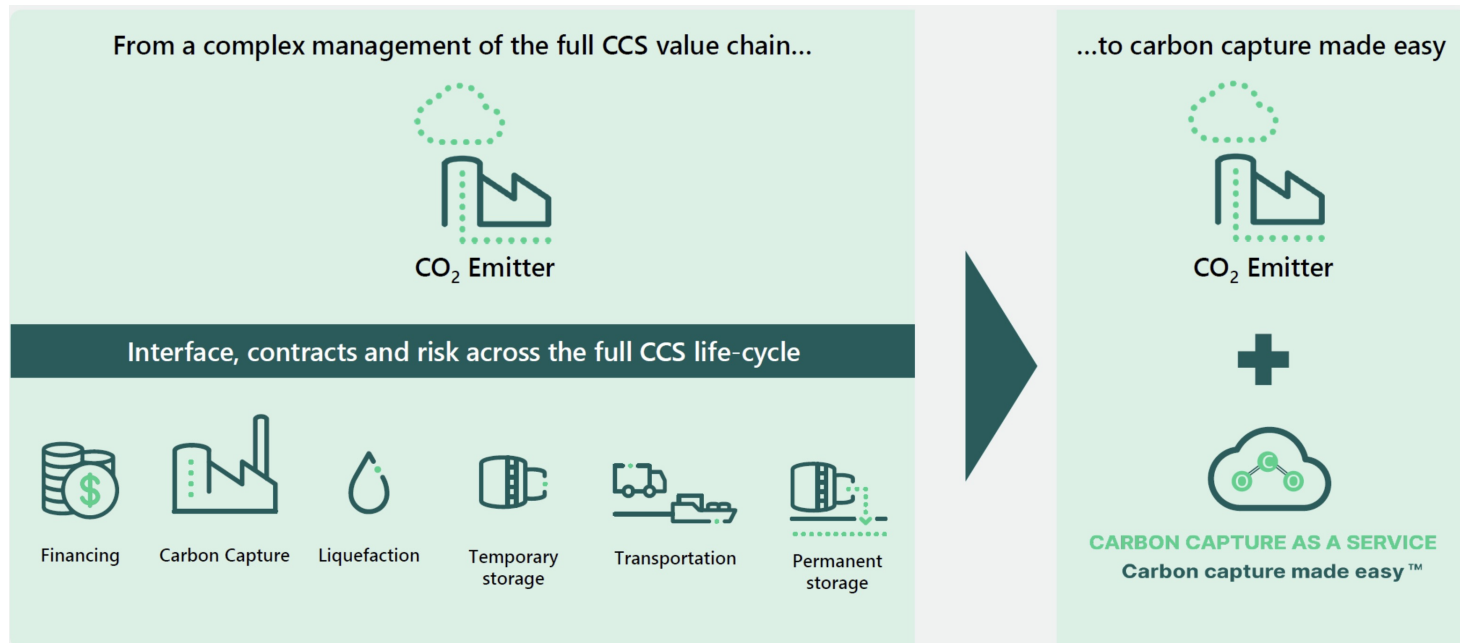
Source: Waste Management Inc, 2022.

Loop Industries Inc recycles the ‘unrecyclable’



Source: Loop Industries, 2022.

Aker is offering carbon capture as a service



Source: <https://akercarboncapture.com/>, 2022.

Recent legislation and policy initiatives are creating strong tailwinds for the decarbonisation megatrend – the EU perspective



Source: European Commission website, "Renewable energy directive"; European Parliament website, "Revision of the Energy Taxation Directive: Fit for 55 package"; European Commission website, "National energy and climate plans (NECPs)"; European Commission, "Circular Economy Action Plan"; European Commission website, "EU taxonomy for sustainable activities".

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