

Carbon Finance

Developing a Low Carbon Future



Through the purchase of carbon credits, CCC's carbon funds finance industrial energy efficiency projects in Chinese iron and steel factories

Developing a Low Carbon Future

Climate Change Capital has been at the forefront of the carbon market, playing key roles in the design and implementation of the Kyoto mechanisms since their inception. The Carbon Finance group develops and manages funds that invest in companies and projects involved in the reduction of greenhouse gas emissions and has committed over €850m to carbon projects since 2005.

Carbon Finance

The nature and scope of the carbon market is changing as the cost of carbon emissions is integrated into the world economy through a variety of policies in different regions. In our view, the period through to 2020 will see the expansion of carbon markets in a wider international compliance regime, the strengthening and convergence of policies on renewable energy, energy efficiency, technology transfer and energy security, and the beginning of mandatory decarbonisation regimes in economies like India and China.

The twin drivers of energy demand and climate change will require massive investment in clean energy infrastructure worldwide, up to \$45 trillion as estimated by the International Energy Agency.

Climate Change Capital's Carbon Funds, managed by the Carbon Finance team, are applying a broad range of financing structures to gain exposure not only to the carbon price, but also to the value of the underlying

infrastructure assets that generate emission reductions or benefit from other policy instruments encouraging low carbon investment.

Carbon Asset Management

The Carbon Finance team currently manages €750m focused on the carbon and clean energy markets; the largest private sector carbon fund in the world. Investors include some of the world's largest pension funds, making CCC's carbon funds extremely attractive counterparties from a credit perspective. The group has expertise in carbon finance, project finance, private equity, power project development, portfolio management, environmental and technical consulting and policy, including a dedicated legal team.

The group's expertise and investment strategy provides greater flexibility and speed than many other carbon buyers. From our core geographic regions of Europe and Asia, the Carbon Finance team has made



investments in China, India, South East Asia, the former Soviet Union and the US. Transaction types include equity investment, upfront financing through carbon purchase agreements or pay-on-delivery carbon purchases.

Many transactions operate under the Kyoto Protocol's Clean Development Mechanism (CDM) as the catalyst for investment in clean energy and emission reductions.

The Climate Change Capital Advantage

CCC has developed a competitive position and is able to provide:

- Committed capital and up-front finance
- Project development, structuring capability and carbon track record
- On the ground presence, brand, networks and relationships

The funds work with technology companies, engineering firms and specialist local development companies to facilitate the installation of proven carbon reduction processes or equipment.

CCC manages projects through the CDM process, seeking approval for the carbon offset streams arising from these projects. Emission categories CCC has

operated in include, HFC flaring, coal mine methane, leaky gas pipes, landfill, palm oil waste, wind, industrial energy efficiency (iron & steel, cement) and forestry. The funds may act as the buyer of carbon assets generated or act as a project developer / owner of the assets. Additionally, the funds can provide upfront financing to facilitate a project's development.



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