

THE IMPORTANCE OF UN SDGs AND THE CIRCULAR ECONOMY IN “PACKAGING” PROJECT FINANCE

MY BACKGROUND

- Norwegian national
- Educated in the United States, Belgium and the United Kingdom
- Business economics and finance background
- Investment banking work experience from in Morgan Stanley, Credit Suisse, etc.
- Past 15+ years developed projects from an early stage, spanning shipping, oil services, Technology, real estate, biomass and ecology services companies
- **Currently part of a team running a large ESG focused real estate fund which builds and owns energy efficient and affordable residential rental apartment in smaller Swedish municipalities with a housing shortage**
- **Building up Ecology Services Companies in Brazil and Sub-Saharan Africa**
 - Sustainable forestry and land use
 - Carbon credits
 - Biomass
 - UN SDGs

Focus is on developing projects that are profitable and serve a purpose – with a focus on creating a robust business model and capital structure that can weather market volatility.

WHAT TO FOCUS ON...

- What is the problem you want to solve?
- How big is the problem in terms of market size?
- How big is the problem in people’s real lives?
- How do you solve the problem and why is there a market opportunity?
- How can you make an impact?
- How can I build the best possible team to solve this problem and capture this market opportunity?




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CARBON MARKETS

- Carbon pricing is a key instrument for de-carbonization, but it also needs to be a fair instrument, prevent carbon leakage, and provide greater confidence and transparency for voluntary offsets
- Article 6 of the Paris Agreement is designed to enable voluntary international cooperation on climate change – it presents the possibility of trading emissions reductions between countries and could provide the foundations of an international carbon market
- Carbon leakage and unfair competition can be an issue in the absence of globally coordinated carbon prices
- Carbon offsets are a powerful instrument for de-carbonization and the only global carbon market at present – although poorly regulated
- Carbon emissions abatement alone is highly unlikely to achieve the Net Zero by 2050 ambition
- Carbon offsets are a crucial driver of carbon removal through Nature Based Solutions
- The road to Net Zero by 2050 requires an annual 23 GT (gigatonne) reduction on CO2 emissions relative to current levels
- Carbon credits create value to enable the development of projects that reduce and remove emissions
- A carbon credit can be sold multiple times until it is retired by retired by the end user that wants to claim that offset’s impact
- Carbon markets also allow hard-to-abate sectors to play their part in achieving net zero emissions

SIGNIFICANT DEMAND FOR VOLUNTARY CARBON CREDITS

- Carbon offset projects fall within one of two main categories
 - Avoidance/Reduction: prevent or reduce the release of carbon into the atmosphere
 - Removal/Sequestration: remove carbon from the atmosphere
- There are four key participants in voluntary carbon markets
 - Project Developers
 - Standards Bodies
 - Market intermediaries
 - End buyers
- Carbon offset projects may offer co-benefits, which offer advantages that go beyond carbon reduction
- Often, companies are looking to buy carbon credits that make the greatest sustainable impact
- High quality voluntary carbon credits
 - Verification – monitored, reported and verified by a credible third-party
 - Permanence – carbon reduction or removal will not be reversed
 - Measurability – calculated according to scientific data through a recognized methodology

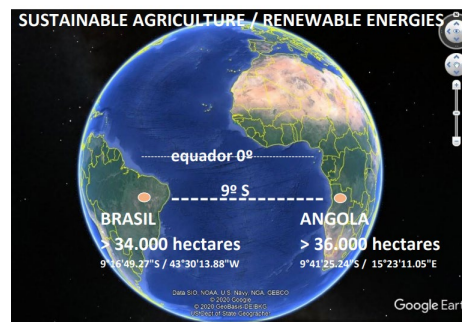


Overall, the market for carbon credits could be worth in excess of US\$ 50 billion by 2030, and as buyers see their offsetting spends escalate, they need to be able to identify projects that genuinely help them achieve their net zero goals.

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PROJECT IN BRAZIL

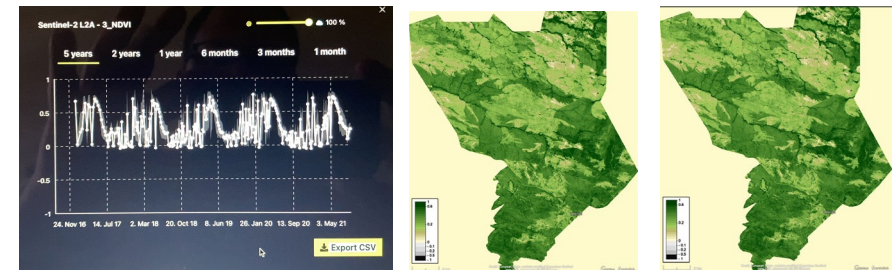
- Already have more than 34,000 ha of land in the Matopiba region of Brazil
 - The Matopiba region of Brazil comprises the states of Maranhão, Tocantins, Piauí and Bahia
- The Cerrado is the largest biome in South America and, together with Caatinga and Mata Atlântica, accounts for the richest biodiversity on Earth
 - Endangered biomes
- Recent Brazilian legislation ensures higher value carbon credits
- Multiple revenue sources from sustainable forestry and land use, with enhanced revenue stream from carbon credits
- Can access large areas of land with the right capital partner and structure



- Discussing structures with several investment banks who are interested in pre-paying for carbon credits, funding land, etc.
- New York Stock Exchange is creating a new asset class for Natural Asset Companies

PROJECTS IN AFRICA

- Have already access to vast areas of land in numerous Sub-Saharan countries, comprising endangered savannah and sub-tropical biomes
- Invasive bush challenges in a number of countries on the African continent – significant biomass opportunities as decarbonization of many economies are starting
- Have several large off-takers for biomass
- With regards to sale of carbon credits and biomass, the certification process is key
- We have team members with a proven track record in certification of forest areas, plantations, biomes according to the highest standard in most Sub-Saharan countries



- Excellent and diverse team focusing both on the Brazilian and the Sub-Saharan opportunities
- Focusing on reducing operational risk, financial risk, execution risk
- Funds/SPACs/listings and other financial structures work



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ROLE OF SUSTAINABILITY/CLIMATE CHANGE IN EVALUATION

- The market opportunity is enormous for creating something of value and something that makes a real change and has impact
- Funding is available – nothing easy is really worth doing, so make sure you build a team with a broad skillset and commitment to solving sustainability issues
- The more UN SDGs you can bring into the project the better
- Focus on the long term benefits and develop a capital structure that is robust
- Focus on first principles – i.e. key building blocks
- Focus on real optionality in the business model because...
 - **More potential revenue streams**
 - **Less volatility**
 - **Easier access to funding**
 - **Higher potential revenue stream**
- The world is imposing a tax on externalities – everything will be counted sooner or later

With a focus on sustainability/climate change impact, there may be new revenue streams that can be created or cost reducing measures that can be taken because externalities can be included – will enhance project IRR

EXPLOSIVE MARKET GROWTH

Cumulative Market Size, December 2020

	Green	Sustainability	Social
Total market size	1.1 US\$ TN	316.8 US\$ BN	315.6 US\$ BN
Number of issuers	1,428	178	601
Number of instruments	7,716	885	1,230
Number of countries	71	30	36
Number of currencies	42	33	25

Source: Climate Bonds Initiative

Green Bond Issuance by Country				2019			YoY %			Green Bond Issuance by Country				2020	
U.S.	US\$ BN	50.6	44%	U.S.	US\$ BN	51.1									
China	"	30.1	1%	Germany	"	40.2									
France	"	29.5	113%	France	"	32.1									
Germany	"	18.7	144%	China	"	17.2									
Netherlands	"	15.1	105%	Netherlands	"	17.0									
Sweden	"	10.3	66%	Sweden	"	13.3									
Japan	"	7.2	73%	Japan	"	10.3									
Canada	"	7.0	63%	Canada	"	9.0									
Italy	"	6.8	128%	Spain	"	8.7									
Spain	"	6.5	3%	Norway	"	5.6									
Totals	US\$ BN	181.8	49%	Totals	US\$ BN	204.5									

Source: Climate Bonds Initiative

Green Bond Issuance by Sector		2015	2019	CAGR%
Alternative energy	US\$ BN	30.4	143.8	47.5%
Green building	"	10.7	63.5	56.1%
Sustainable transport	"	3.7	58.7	99.6%
Energy efficiency	"	9.5	47.6	49.6%
Sustainable water	"	3.1	23.8	66.5%
Pollution prevention	"	1.4	18.1	89.6%
Climate adaptation	"	1.8	15	69.9%
Sustainable forestry/agriculture	"	1.1	11.3	79.0%
Totals	US\$ BN	61.7	381.8	57.7%

Source: MSCI