Carbon Streaming offers ESG investors exposure to the carbon credits market

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Environmental, Social, and Governance ("ESG") investing has become a key theme this decade as companies and governments face greater scrutiny on their behavior by investors. One key part of ESG investing is the environment, and in particular, carbon credit trading.

A 'carbon credit' (also called 'carbon offset' or 'emission credit/offset') is a term for any tradable certificate or permit representing "the right to emit one tonne of carbon dioxide or the equivalent amount of a different greenhouse gas". Essentially corporations, governments and individuals purchase carbon credits to offset their emissions from other companies that have earned credits from the government for reducing CO2 emissions. One well-known example of carbon credit trading occurred with Fiat Chrysler purchasing about US$2.4 billion worth of carbon credits from EV manufacturer Tesla from 2019 through 2021.

It is quite clear that carbon credit trading is rapidly growing to be a large industry in itself. Over 1,500 companies have announced plans to be "net–zero" by 2050 or sooner. Carbon credits are anticipated to be integral to meet these goals, especially in hard to abate sectors such as oil, aviation, steel and cement. Even better is that retail investors can now invest in a carbon credit streaming business.

Today's company is a listed company that offers a way for investors to invest into the growth of the carbon credit market.

They act like an investment vehicle purchasing carbon credit revenue streams in return for an upfront payment. If the value of the carbon credits goes up or can be sold later at a profit then the stream becomes more valuable, thereby potentially boosting the value of the carbon streaming company. Revenues and profits will also depend on the quality and return on investment ("ROI") of the streaming deals that are made.

How carbon emission trading works and the market size (US$261 billion in 2020) currently dominated by Europe

Source: Carbon Streaming Corporation investor presentation

Carbon Streaming Corporation (NEO: NETZ) ("Carbon Streaming") is an ESG principled investment vehicle offering investors exposure to carbon credits. Carbon Streaming is among the first publicly traded carbon offset investment companies on any exchange in the world. Carbon Streaming listed on Canada's NEO exchange on July 26, 2021, the Frankfurt Stock Exchange on July 30, 2021 and intends to list on a U.S. stock exchange, such as NASDAQ or the New York Stock Exchange, prior to the end of the year.

Carbon Streaming's business model is to focus on acquiring, managing and growing a high-quality and diversified portfolio of investments in projects/companies that generate or are actively involved, directly or indirectly, with carbon credits.

The Company states: "Carbon Streaming is actively pursuing streaming arrangements with individuals, companies and governments to stream carbon credits from their assets or properties. We intend **to provide investors with a diversified portfolio of carbon credit streams for long-term appreciation without the operational risk.** We intend to participate in both the voluntary and compliance carbon markets, and also may make

investments related to carbon credits."

Carbon Streaming has sourced a potential deal pipeline of over US$585 million with its near–term pipeline valued at approximately US$165 million at target IRRs of 15%+.

Carbon Streaming Corporation near term opportunity pipeline

Source: Carbon Streaming Corporation investor presentation

In recent news on August 3, 2021, Carbon Streaming announced a Carbon Credit Stream Agreement on the Rimba Raya Biodiversity Reserve (a 64,500-hectare peat forest in Central Kalimantan, Indonesia) and Strategic Partnership with Infinite-EARTH Founders. The Rimba Raya Project, for which InfiniteEARTH has exclusive carbon and marketing rights, is expected to create over 70 million credits over its remaining 20-year crediting period (approximately 3.5 million carbon credits per annum).

Carbon Streaming has now closed the above agreement paying an upfront cash investment of US$26.3 million consisting of US$22.3 million for the Carbon Stream with InfiniteEARTH and US$4.0 million for the strategic alliance agreement with the Founders (for consulting services, carbon project advisory, carbon credit marketing and sales). In return Carbon Streaming will receive:

"InfiniteEARTH will deliver 100% of the carbon credits created by the Rimba Raya Project, expected to be 70 million credits over the next 20 years, less up to 635,000 carbon credits per annum which are already committed to previous buyers. **For the first four years, the amounts delivered under the Carbon Stream include 1,000,000 carbon credits per annum at a pre-agreed gross sale price of US$8.50……"**

InfiniteEARTH is a Hong Kong-based project development company

that develops and manages conservation land banks and provides environmental offsets and corporate social responsibility (CSR) solutions to companies across the globe. The full details of the deal can be viewed here.

Governments have pledged to reduce carbon emissions but as shown on the graph there is still a long way to go

Source: Carbon Streaming Corporation investor presentation

Closing remarks

Carbon credits is already a large business in Europe and it is likely to accelerate globally as governments get tougher on CO2 emissions and investors demand strong ESG efforts from companies. For investors that want to focus on ESG or simply invest money towards supporting carbon credits and hence the environment, then consider Carbon Streaming Corporation.