Carbon – The Future of Commodity Trading
“Carbon will be the world’s biggest commodity market, and it could become the world’s biggest market overall.”

Louis Redshaw (Head of Environmental Trading, Barclays Capital)
About Eventus Alternatives

Eventus Alternatives internationally sources, facilitate purchases and provide Voluntary Emissions Reductions (VERs) carbon credits for individuals and corporate organisations across the globe.

By sourcing carbon credits at favourable rates for our clients (both private and institutional), they are able to participate in the fastest growing commodities market, without being disadvantaged by prohibitive prices or associated purchase costs.

With GCC governments and regulators launching legislation to reduce the region’s carbon emissions, the carbon market in the region is set to boom.

Our ability to provide you with investment opportunities which positively impact your bottom line with minimal risk, has positioned us perfectly to help lead change in the region.

Our goal is to show all our clients healthy and favourable returns.
About Eventus Alternatives

Eventus Alternatives is a division of Eventus Consultancy. We are experienced professionals who recognise the significant potential of the green economy in the Middle East.

With a combined experience of over thirty years, our senior management team have worked in leadership roles within the largest financial institutions and brands within the GCC.

Our team comprises of individuals with a wealth of experience and accreditation in the financial services sector, including proprietary trading in fixed income, equities and commodities, private equity, carbon emissions trading, investment advice and financial planning expertise.

Our professionals have successfully advised clients across Europe and the Middle East.
In economics, a commodity is the generic term for any marketable item produced to satisfy wants or needs.

More specifically, it is used to describe a class of goods for which there is a demand, but which is supplied without qualitative differentiation across a market.

One of the characteristics of a commodity good is that its price is determined as a function of its market as a whole.

Well-established physical commodities have actively traded spot markets.

Examples of commodities include: Gold, oil, coal, gas, electricity, wheat, timber, bamboo and rice.

At current growth rates, carbon will become the world’s largest commodity market.
What is a carbon credit?

“Carbon will become the currency of the new world.”

Bloomberg
Understanding carbon credits

Carbon credits are a financial instrument derived from an international commitment to reduce greenhouse gases which have been polluting our atmosphere since the industrial revolution.

One carbon credit is equivalent to one metric tonne of harmful carbon dioxide that has been absorbed, sequestered or avoided in one location.

It can be purchased by a polluting entity to offset their carbon dioxide emissions in another location.

Essentially, it gives large organisations or corporates the right to emit one tonne of carbon dioxide.

Once a carbon credit is issued and accredited, it has a value (market price) and can be traded the same as any other commodity.
The carbon market is born

The carbon market was created, monitored and enforced by the United Nations. Created in Japan in 1997, 194 member states signed the Kyoto Protocol.
Carbon credits were created by the United Nation’s Kyoto Protocol, a legally binding document, committing countries to ensure continuous efforts in the reduction of greenhouse gases (GHGs).

To facilitate this, the Kyoto Protocol gave GHGs a value, known as carbon credits, where each carbon credit is equivalent to one tonne of carbon dioxide.

Companies are given limitations, or allowances to the amount of carbon dioxide they can produce. If a company goes over this allowance, it is then fined in accordance with the Kyoto protocol.

Companies can offset their increased production in carbon dioxide by purchasing carbon credits. It is cheaper for companies to purchase carbon credits to lower their emissions to within their allowances, then to pay the fine set upon them.
The carbon market concentrates on businesses and organisations wishing to align themselves with the positive message of good ecological practice by including low carbon strategies in their corporate governance.

Carbon credits also appeal to individual investors wishing to make an investment in our environment whilst enjoying impressive returns.
Supply and demand

Corporate entities will need to purchase carbon to meet their emission limits.

There are only a limited number of carbon credits produced per project. If corporations exceed the amount of emissions they release per year, they will face large fines.

It is now a mandatory requirement that countries who ratify the protocol or treaty are obliged to offset their emissions or face heavy penalties.

This obviously increases demand, and as an investor you hold the supply. Market economics suggest that your investment will boom.
How are carbon credits produced

Carbon credits are generated from clean development projects based around the world which reduce emissions. These include:

- Solar, wind power, natural gas and hydro-electric dams
- Destruction of industrial pollutants
- Land use, land use change and forestry
- Destruction of landfill methane
- Energy efficiency

We only deal with Verified Emission Reductions (VERs) accredited by the Verified Carbon Standard (VCS).

A Verified Emission Reduction (VER) is a carbon credit that represents 1 metric tonne of GHG that a project has reduced, stored or avoided.

The VER market has seen growth of almost 500% since 2005 and has further growth predicted by Bloomberg of circa 1000% between 2015 and 2020.
Standardisation

We only source and trade in fully Verified Carbon Standard (VCS) approved credits.

Projects use Verified Carbon Standard requirements to ensure their carbon reductions meet accepted quality standards and are independently verified, uniquely numbered and transparently listed in a central database.

VCS aims to:

- Standardize and provide transparency and credibility to the voluntary offset market
- Enhance business, consumer and government confidence in voluntary offsets
- Create a trusted and tradable voluntary offset credit; the Verified Carbon Unit (VCU). This is a VER which is VCS approved
- Stimulate additional investments in emissions reductions and low carbon solutions
- Experiment and stimulate innovation in emission reduction technologies and offer lessons that can be built into future regulation
VCS credits should be:

**Real** – They should have already happened.

**Additional** – Beyond business as usual activities.

**Measurable** – Measured fixed amount.

**Permanent** – Not temporarily displacing emissions.

**Independently verified and unique** – Not used more than once to offset emissions.
UNFCC set several methodologies under which projects can apply for VCS certification.

Approval for projects will take between 12 - 24 months.

If a project is approved, the credits are issued by the VCS to the three major registries.

Trading of the credits can begin.

Green /renewable projects from all over the world take approx. 2 - 8 years to develop.

Corporates

Individuals

Retirement
The voluntary carbon market grew in volume by 34% in 2010

Bloomberg New Energy Finance & Eco Systems Marketplace
VCS credits are issued and listed in a state of the art registry system that allows the tracking of all Verified Carbon Units (VCUs) from issuance to retirement.

This state of the art registry system holds the credits in electronic registries set up by member states of financial institutions.

This system is similar to a banking system which keeps track of the ownership of money in accounts.

It provides you with a secure web-based system to create, verify, track, trade and retire Verified Carbon Units (VCUs), the carbon offsets created by the VCS program.
International VCS registries

The registry system consists of three international companies that are contracted to act as the registries.

- **CDC – Caisse des Depots et Consignations (CDC)** – A leading French financial institution and developer of CO2 registries in Europe

- **Markit** – A leading international financial markets meta-registry in the US, UK, and Asia-Pacific

- **NYSE Blue** – A global company, majority owned by NYSE Euronext and a leading infrastructure provider for environmental markets and commodities
Caisse des Dépots et Consignations - CDC

- Established in 1816
- Divisions include banking, environmental projects and insurance
- Employs over 60,000 people
- Holds over $50 billion in deposits
- CDC is rated as:

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<th>S &amp; P</th>
<th>Fitch</th>
<th>Moody’s</th>
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<tbody>
<tr>
<td></td>
<td>AAA/stable/A1+</td>
<td>AAA/ Stable/F1+</td>
<td>AAA/ Stable</td>
</tr>
</tbody>
</table>

- Nominated as the second safest bank in the world in the 2011 Global Finance Report on the world’s top fifty safe banks
Founded in 2011, Markit is a global leader in providing a wide range of data, valuation, and trade processing products and services across multiple asset classes.

Markit provides a robust global registry that enhances transparency and creditability in the environmental markets.

Key Benefits:

- Transparent registry rules for listing, and issuance process for carbon and ecosystem credits
- Issuances are audited by the registry to ensure appropriate accreditation and to prevent existing credits being re-issued
- Portfolio management tools such as visibility of ownership, throughout the lifecycle of credible environmental assets
- Credits receive unique serial number to enable efficient monitoring
- Full retirement services for offsetting credits, including certification, statement reporting and credible flexible and secure 24/7 access
NYSE Blue is a global company, majority owned by NYSE Euronext with headquarters in New York.

- NYSE Blue has an exclusive focus on the environmental markets; building market infrastructure and exchanges, in response to the world’s economies shaping their environmental initiatives.

- This unique combination of environmental commodities infrastructure provider and a proven exchange, allows NYSE Blue to offer end-to-end products and services for global environmental market participants.
“Carbon could become one of the fastest growing markets ever, with volumes comparable to credit derivatives inside of a decade.”

Chris Leeds, Head of Emissions Trading, Merrill Lynch, London
Comparison of carbon credit prices against other commodities
“8.4 billion tonnes of carbon credits were traded in 2011, this is up from 7 billion tonnes in 2010. This represents a 19% rise in trading volumes in 1 year.”

Thomson Reuters Point Carbon
Carbon market size and forecasts
“The value of the North American carbon market is set to increase to $782 million in 2012, up from $316 million in 2011.”

Thomson Reuters
Carbon Credit Pricing 2011 - 2012

USD ($)

Month

Sep       Oct       Nov        Dec       Jan       Feb       Mar       Apr       May       Jun       Jul        Aug         Sep         Oct

6.09     Sep-11
6.17     Oct-11
6.51     Nov-11
7.01     Dec-11
7.41     Jan-12
7.49     Feb-12
7.09     Mar-12
7.44     Apr-12
7.56     May-12
8.56     Jun-12
9.03     Jul-12
9.37     Aug-12
9.51     Sep-12
9.79     Oct-12
What do we charge you?

- **Buy (entry)** – 1.5% of invested amount
- **Sell (exit)** – 1.5% of profit

On the buy side, we charge to cover our administration costs for opening the registry account and setting up the trade.

On exit, we charge only against your profit. Therefore, it is in our best interest to make you the best returns.
Diversify your investment portfolio from other asset classes, such as equities, bonds, unit trusts/mutual funds, currency and property.

Due to recent poor performance in global stock markets, low interest rates, high inflation, and stagnating property markets, carbon provides an alternative asset class for investors to allocate capital for higher growth opportunities.

Commodities which are bought in dollars tend to hold their value more than the currency itself, so carbon could provide a hedge against inflation.

The carbon market is still young compared to other financial and energy markets. Early participation can prove profitable, as it provides a good entry level for investors to benefit as prices appreciate.
The carbon market is seen by analysts as having the potential to become the largest commodity market in the world.

Carbon emission output will continue to get stricter, and as energy output increases for countries and organisations, demand for carbon credits will rise. As demand rises, this will push the price up.

The purchase of carbon credits helps communities in developing countries become sustainable through employment in the projects that are situated in these regions.
“We expect companies and investors to increasingly understand that climate change has a tangible effect on profitability.”

Elaine Prior, Citigroup Australia
As with any investment, you need to ensure that you have an exit strategy.

An exit strategy enables you to get your initial investment back along with any return on investment up until the date of exit.

If you choose to place your investments through us, you will not have to worry about trading your carbon credits by yourself.

Our experienced portfolio managers are here to help guide you through the process, and advise you on when is the best time to exit your investment, so that you make the best return on investment.

We don’t charge you for our services, until you exit your investment. So it is in our best interests for us to make your investment work for you.
The OTC market
Carbon credits are traded on an Over The Counter Market (OTC) – This means it is traded directly through two parties.

As your consultant, it is our job to help facilitate this trade, helping you get the highest return on your investment.

- We have a large client base of corporates from across the world who are looking to purchase carbon credits
- Corporates buy carbon credits throughout the year, and these usually coincide with the differing tax periods in each different region e.g. April in the UK
- These differing tax periods ensure market demand throughout the year
Corporates must purchase carbon credits annually to help balance their books.

Eventus Alternatives deals with a large number of corporates who are actively looking to buy carbon credits, as they are interested in CSR, looking to go carbon neutral or facing pre-compliance to reduce their carbon footprint.

We can help you exit your investment by matching you (our retail clients) to our corporate traders.

There are a growing number of MNCs who are interested in reducing energy consumption and reducing their carbon footprint. These include international brands such as Nike, Google, Coca-Cola, Emirates Airlines, Dupont, AMD, Ford, Intel, Johnson & Johnson Controls, Kraft Foods, Allianz, Siemens, Nokia, Unilever, Daimler, VW, LG, TATA Chemicals Ltd.
Additionally, Eventus is launching an institutional brokerage.

As a result, our client list will expand to include international corporations such as insurance companies and investment companies (such as pension funds and mutual funds).

This will allow us to not only offer you access to the carbon market, but also an internal market, enabling us to match you to your short/medium/long term needs.

Furthermore, Eventus Alternatives, has access to corporate trading accounts. This allows us to move retail client accounts and match them with industrial clients.
Projections – Examples of returns

“I am estimating carbon markets could be worth $2 trillion in transaction value.”

Bart Chilton, US Commodities Futures Trading Commission.
Below is an example of returns shown to one of our client over a 12 month period from August 2011 until September 2012 -

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Allocation Price</td>
<td>$7.26</td>
</tr>
<tr>
<td>Quantity</td>
<td>13,895 Credits</td>
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<tr>
<td>Purchase Price</td>
<td>$100,880</td>
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<tr>
<td>Purchase Fee (1%)</td>
<td>$1,008.80</td>
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<td>Term</td>
<td>12 months</td>
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<tr>
<td>Targeted Exit Price (ROI)</td>
<td>$9.37 (up 29% as at Sept 2012)</td>
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<tr>
<td>Profit end of Term</td>
<td>$29,224</td>
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Testimonials - Retail investors

“I have worked with Eventus Alternatives for many years and have seen Eventus develop rapidly. If you are looking for honest advise on the industry, they will always be willing to help. They have consistently shown me strong returns-on-investment, and I look forward to continue working with them”.

P. Farell, Managing Director, UAE

“The most professional brokerage service that I have used, that offer services that genuinely show healthy return.”

S. Chauhan, Surgeon, Qatar

“Eventus are friendly, honest and have helped me to build and diversify my portfolio. I meet with them regularly for their consultancy service as it provides a great source of industry knowledge to further help me understand the markets and decide where I should and shouldn’t put my money.”

R. Vami, Head of Engineering, UAE
“The major positive I saw when dealing with Eventus against other companies was simply the fact that they provided strong, credible and straightforward information. They offered me a consultative service at no cost with no pressure. Now I’ve seen returns on carbon in less than 24 months and would certainly look at other products they offer too.”

T. Colderman, Exhibition Director, UAE
“Corporate Social Responsibility is becoming increasingly important for corporates, especially in the UAE. Eventus were able to provide us with the information we needed to begin setting the wheels in motion to make our UAE businesses carbon neutral and reduce our footprint. We hope to work with them on a major level throughout the GCC at the beginning of 2013.”

E. Watson, CSR Manager, UAE

“Working with Eventus has been great! They have helped to successfully reduce our emissions in the last 9 months and have helped us to build our ‘green awareness policy’ which has certainly had positive impact on our staff, our brand and most importantly, the environment.”

K. McFarland, CSR and Branding Manager, F & B
Over the last calendar year, we have shown our clients an average return of 31.8%*

It's time to plan for the future.
eventus -us m. [ a momentus experience of the greatest importance; the feeling one achieves by reaching their ambition ].