

CLIMATE FINANCE STRATEGIES AND GLOBAL DECARBONISATION



Emit Capital
Asset Management

CLIMATE FINANCE & DECARBONISATION

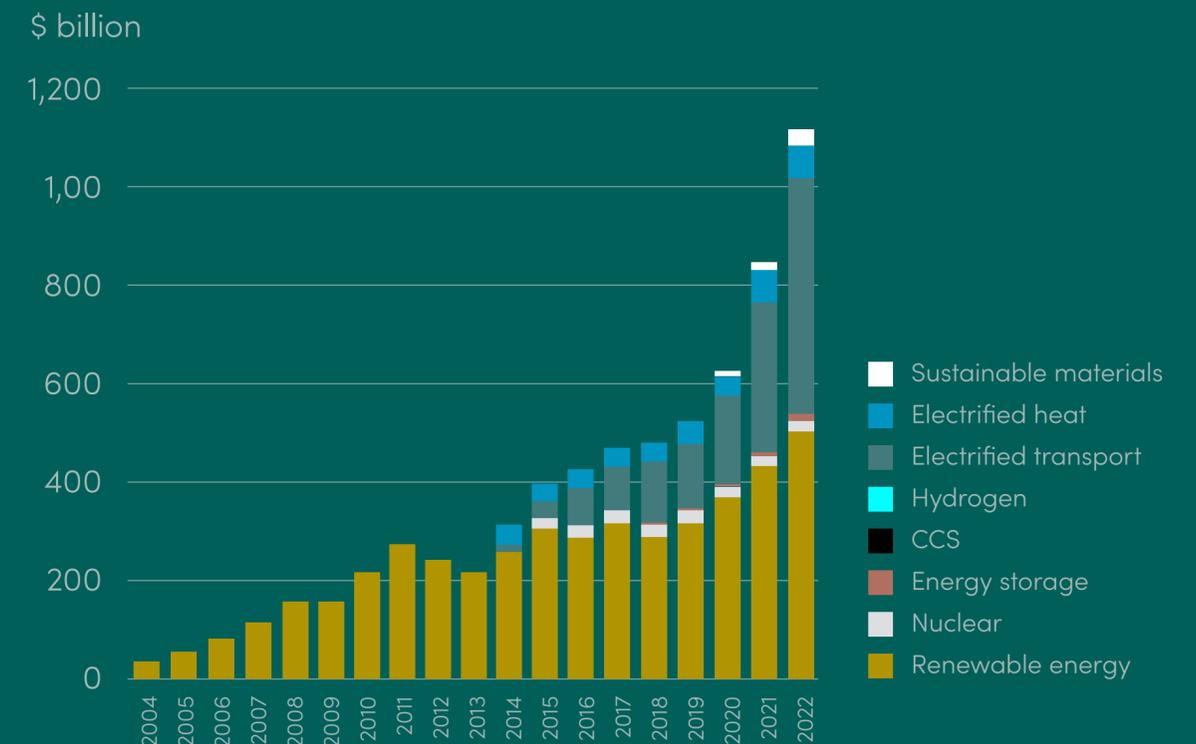


- The success of Decarbonisation of the global economy relies on climate finance
- Climate finance is the financial resources dedicated to addressing climate change
 - Directed to renewable energy projects, energy efficiency initiatives, low-emission transport and other emission reduction activities.
- Decarbonization is the process of reducing or eliminating carbon dioxide (CO₂) and other greenhouse gas emissions from various sectors, industries, and activities in order to mitigate climate change.
 - limit the rise in temperature to 1.5 degrees
 - achieve a net zero emission outcome (Paris Climate Accord of 2015)

CLIMATE FINANCE STRATEGIES

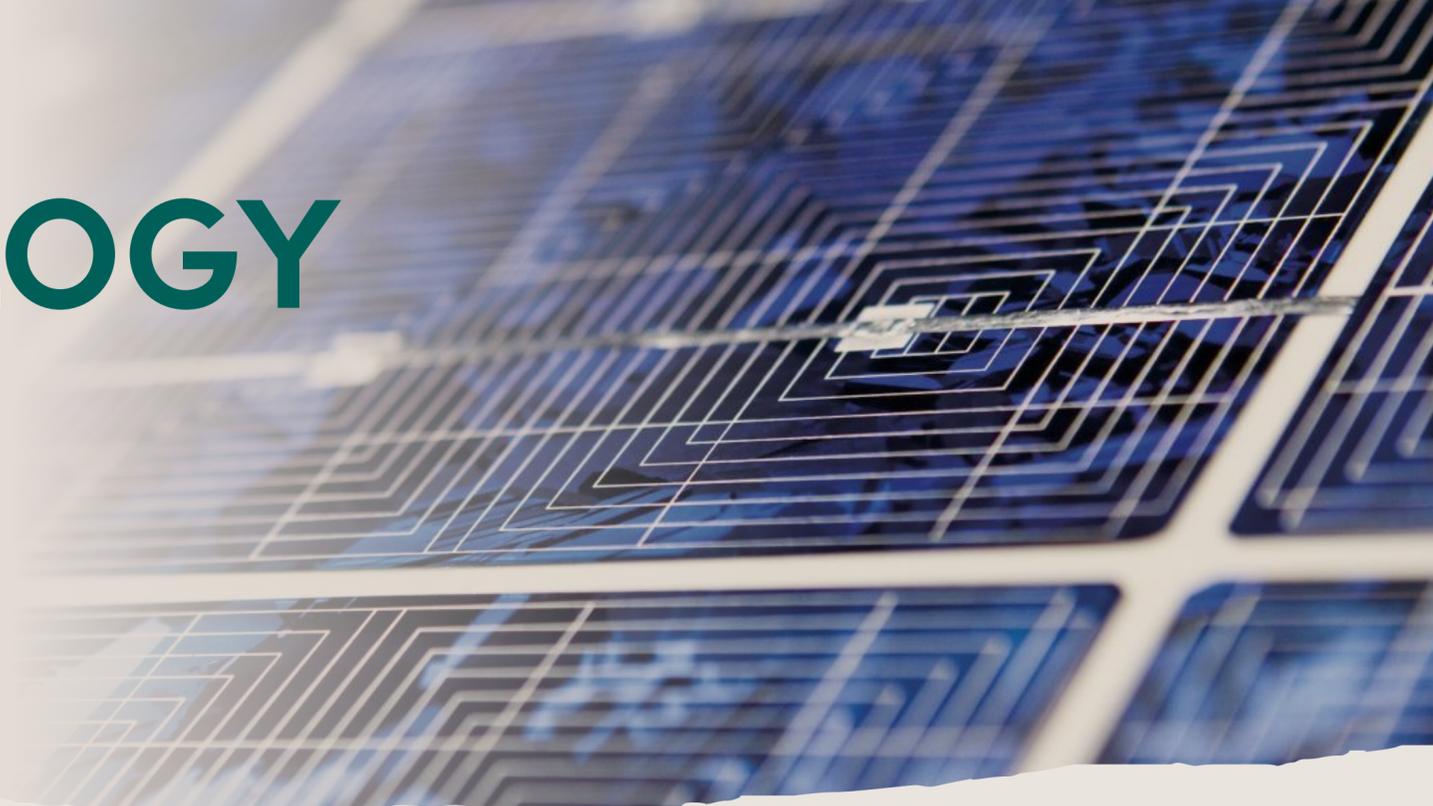
- The transition to a low-carbon economy requires significant financial resources and climate finance strategies
- public and private funding for initiatives that reduce greenhouse gas emissions
- Responsible investing – investors seek to generate both financial returns and positive social and environmental outcomes.
- Last 10 years – a growing trend towards divestment from fossil fuels
- Investors increasingly recognizing the financial risks associated with these assets.
- By redirecting their investments towards low-carbon alternatives, investors can not only mitigate risks but also contribute to the transition towards a sustainable future.

Global energy transition investment by sector



Source: BloombergNEF. Note: start-years differ by sector but all sectors are present from 2019 onward; see Appendix for more detail. Nuclear figures start in 2015.

THE ROLE OF TECHNOLOGY IN DECARBONISATION



- Technology will play a crucial role in decarbonisation efforts.
 - Advances in renewable energy sources
 - Innovations in battery storage and electric vehicles
 - Integration of renewable energy into the grid
- Other technologies, such as carbon capture and storage and hydrogen fuel cells, also show promise in reducing carbon emissions.
 - R&D crucial – drive down costs

DECARBONISATION TRENDS

- Significant progress worldwide towards decarbonization and reaching net zero emissions!
- The numbers speak for themselves:
 - Global renewable energy capacity is set to expand by 2,400 gigawatts in the next five years.
 - In 2020, the global wind capacity exceeded 906 gigawatts, an increase of 77.6 GW from the previous year.
 - In 2022, global sales of electric cars surpassed 10 million, marking a 50% increase compared to the previous year, and totalling 14% of all new cars sold in the world.
 - The International Energy Agency (IEA) estimates energy efficiency improvements since 2000 have avoided around 12 gigatons of carbon dioxide emissions.

Global climate finance in 2011-2021 (USD bn, nominal)



Global climate finance almost doubled in the last decade, with a cumulative USD 4.8 trillion in climate finance committed between 2011-2020 or USD 480 billion annual average.

The world needs at least USD 4.3 trillion in annual finance flows by 2030 (CAGR 21%) to avoid the worst impacts of climate change

Source: Climate Policy Initiative

DECARBONISATION TRENDS AROUND THE WORLD



Europe

- European countries have made significant progress in reducing their carbon emissions in recent years.
- The EU has set ambitious targets for reducing greenhouse gas emissions, with a goal of becoming climate neutral by 2050.
- Sweden, Denmark, and Germany have already made impressive strides in decarbonisation
 - a focus on renewable energy sources such as wind and solar power, as well as energy efficiency measures.

United States

- Faced significant challenges in its journey towards decarbonisation.
- Slow to adopt policies and technologies aimed at reducing carbon emissions.
- Signs of progress.
 - Many states and cities have set their own decarbonisation targets
 - Advances in technology such as battery storage and electric vehicles
 - Inflation Reduction Act (IRA) a game changer

DECARBONISATION TRENDS AROUND THE WORLD



Asia

- Unique challenges in their efforts to decarbonise.
- Heavy reliance on coal for energy production
 - makes the transition to renewable energy sources more difficult.
- Promising developments in the region though
 - China investing heavily in renewable energy
 - India focusing on solar power and energy efficiency measures.

INVESTMENT OPPORTUNITIES

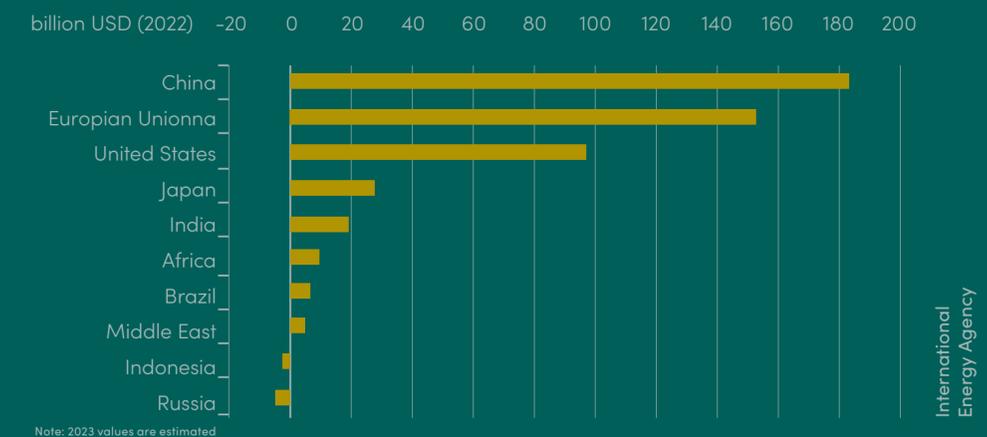
- International Energy Agency: “For every dollar invested in fossil fuels, about 1.7 dollars are now going into clean energy. Five years ago, this ratio was one-to-one. One shining example is investment in solar, which is set to overtake the amount of investment going into oil production for the first time.”
- Investors are recognizing the potential of decarbonisation.
- A shift towards a more sustainable and responsible investment landscape

Investment Opportunities in Renewable Energy

- Renewable energy is becoming an increasingly attractive investment opportunity,
- Renewable energy investments have grown more than threefold over the past decade, outpacing investments in fossil fuels.
- One of the key drivers of this growth is the declining cost of renewable energy technologies.
- Solar and wind power are now cheaper than coal or gas in many parts of the world, making them a compelling option for investors looking to diversify their portfolios while also supporting sustainable development.

Increase in annual clean energy investment in selected countries and regions, 2019–2023

World Energy Investment 2023

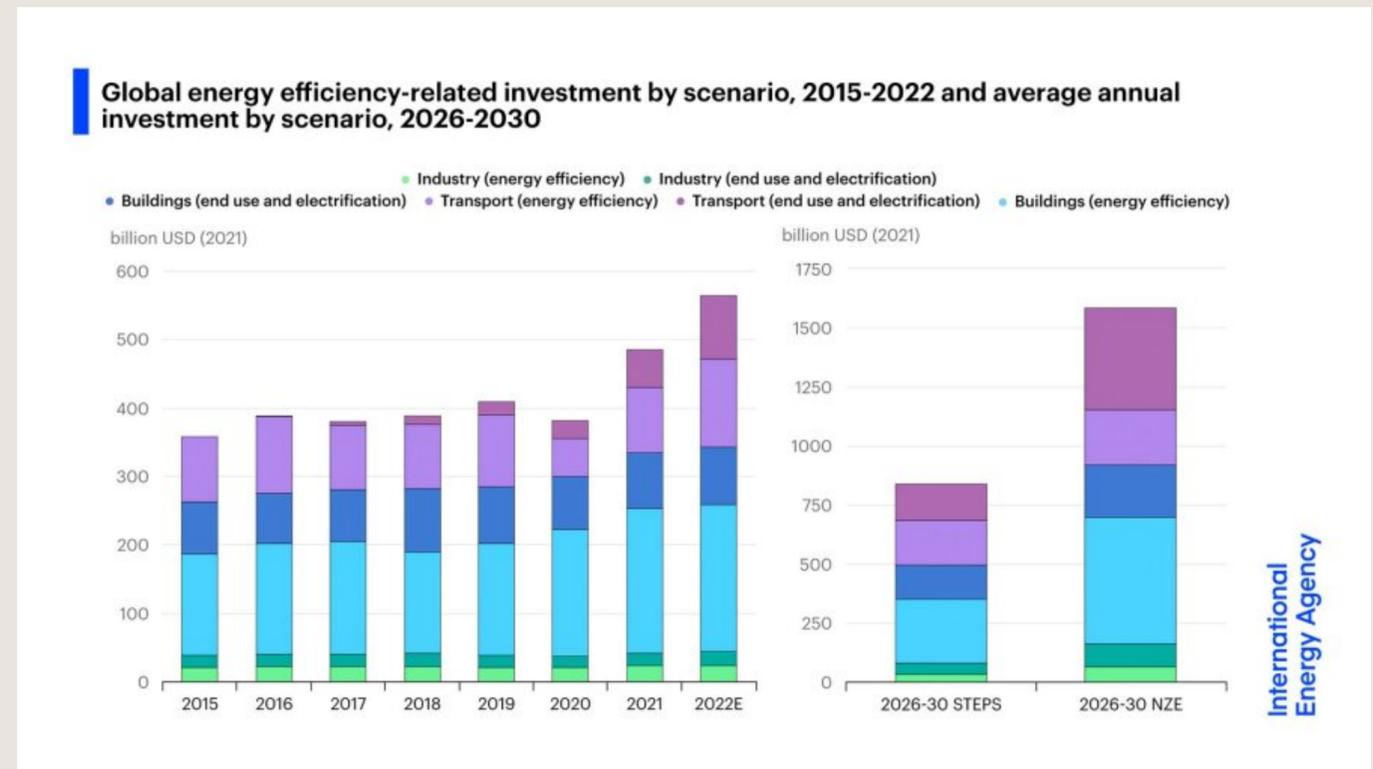


INVESTMENT OPPORTUNITIES



Energy Efficiency

- Energy efficiency is a critical component of decarbonization efforts
- involves reducing the amount of energy needed to perform certain tasks or processes.
- Achieved through various means, such as upgrading equipment and appliances, improving building insulation, and implementing smart energy management systems.
- Moreover, energy efficiency measures can also have positive social and economic impacts. For instance, retrofitting buildings with energy-efficient features can improve indoor air quality, enhance occupant comfort, and create jobs in the construction industry.



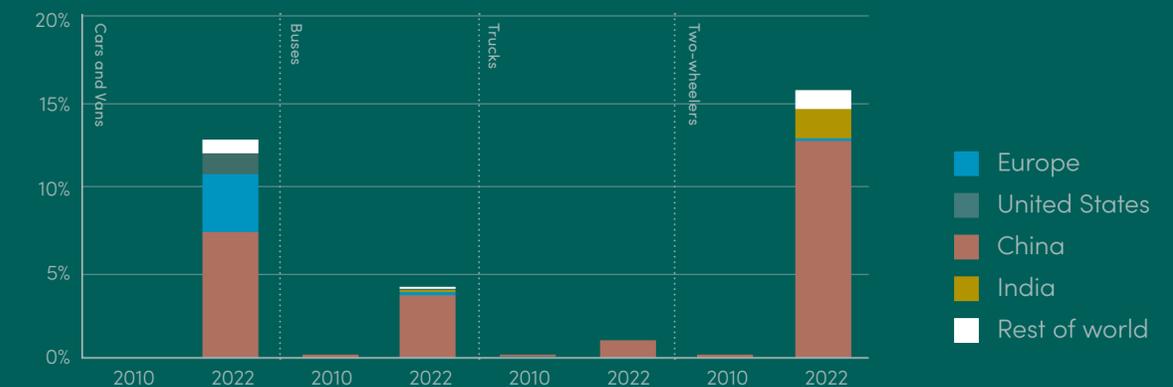
INVESTMENT OPPORTUNITIES

The Rise of Electric Vehicles

- Electric vehicles (EVs) are rapidly gaining popularity
- Demand for EVs is expected to increase exponentially in the coming years, creating a significant investment opportunity.
- Not only do EVs emit fewer greenhouse gases than traditional gasoline-powered cars, but they also offer a number of financial benefits.

Electric vehicle sales share by vehicle type and country, 2010 vs. 2022

Global EV Outlook 2023



EMIT CAPITAL CLIMATE FINANCE EQUITY FUND

- The ECCFEF offers investors access to global opportunities to invest in companies at the forefront of efforts to achieve a net zero outcome.
- In particular, the Fund focuses on global listed equities in the areas of:
 - Energy Transformation (e.g. renewable energy),
 - Energy Efficiency & Storage (e.g. energy intensity reductions and batteries),
 - Transport & Related Infrastructure (e.g. electric vehicles & charging stations) and
 - Water Management (e.g. filtration and wastewater treatment).

THE FUTURE OF DECARBONISATION

- Both challenging and exciting
- The challenges are significant, including the need to rapidly reduce carbon emissions while maintaining economic growth and ensuring energy security
- The potential benefits of a decarbonised future are enormous, including cleaner air and water, improved public health, and a more sustainable and resilient economy
- With continued investment in technology and policy, greater opportunities will emerge to expedite decarbonisation of the economy

CONCLUSION: INVESTING IN A SUSTAINABLE FUTURE



- In conclusion, decarbonisation is not only important for the health of our planet, but also for the growth and stability of our economy. By investing in renewable energy and sustainable finance, we can create a more resilient and prosperous future.
- The benefits of decarbonisation are clear:
 - reduced carbon emissions,
 - improved air quality,
 - increased energy efficiency
 - Preserving natural resources
- And with the rise of electric vehicles and the growing market for renewable energy investments, there are numerous opportunities to make a positive impact while also earning a return on investment.

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