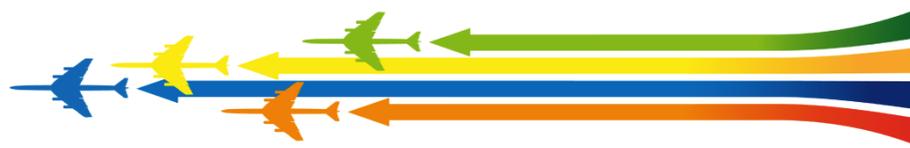




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The Voluntary Carbon Market: An Aviation Business Case



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ABOUT CTX

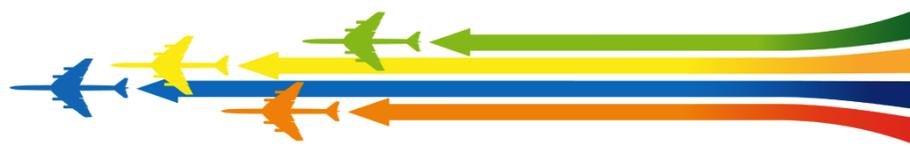
Carbon Trade Exchange (CTX) operates spot exchanges in multiple global environmental commodity markets, including Carbon, Renewable Energy Certificates (RECs) and Water. CTX has offices across 4 continents, with offices in Sydney, London, New York and Singapore.





ABOUT CTX

- Our vision is to provide transparency, liquidity, price discovery and access to the global environmental credit markets
- We do this by linking buyers directly with projects through a secure, global, cloud-based, electronic spot trading platform
- Provides the only procurement platform for buying and selling carbon credits in the voluntary market
- We ensure the highest quality for our clients by listing only issued credits that are accredited by international independent standard organizations such as the Verified Carbon Standard (VCS), The Gold Standard, Climate Action Reserve, American Carbon Registry
- CTX uniquely interfaces with approved registries and financial intermediaries including Wells Fargo and Westpac



WHAT MAKES A QUALITY OFFSET?

- A carbon offset is equal to one tonne of carbon dioxide that is reduced or removed from the atmosphere
- Companies can purchase carbon credits to offset their own unavoidable emissions, thereby contributing essential finance to renewable energy, forest protection and reforestation projects that play an important role in the mitigation of climate change
- Offsets should demonstrate that they are: real, verifiable, permanent, clearly owned, and importantly, that they are “additional”
- To be recognized as “additional” a project must be able to demonstrate that its reductions were beyond “business as usual”, and that carbon finance enabled the project to occur
- The introduction of serialization (ie offsets being tracked by serial numbers) and environmental registries where credits are held and retired ensure that there is a clear account of ownership and that chain of custody can be demonstrated



WHY OFFSET?

- Demonstrate climate leadership by incorporating offsetting as part of a comprehensive corporate sustainability plan
- Manage your environmental impact and meet your emission reduction goals
- Business case when marginal abatement costs are greater for internal reductions
- Increase your marketability and strength of brand
- Drive employee engagement
- Increase community investment/engagement
- Market differentiation, gives you an edge over competitors
- Corporate benchmarks/scorecards – CDP, TCR, WWF Climate Savers, LEED Points Accreditation



WHY CTX?

EASY AND EFFICIENT PROCUREMENT

- Simple to use
- Online access to a global wholesale market 24/7/365
- No counterparty, credit or delivery risk
- Search our inventory to tailor a portfolio to your CSR plan
- Access to over 1000 projects globally
- Increased price transparency and liquidity
- Same-day clearing and settlement



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DELTA



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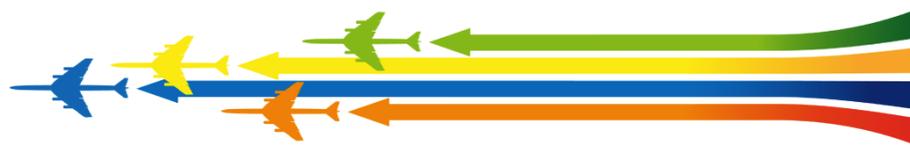
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CASE STUDY: DELTA AIRLINES

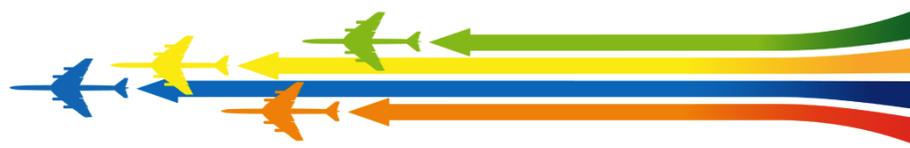


With IATA members committing to capping growth in CO₂ emissions from 2020 through a carbon-neutral growth goal, one of the world's largest airlines has decided to enter the carbon offset market a little early.



FUEL EFFICIENCY PROGRAMMES

- Delta has reduced annual GHG emissions from flight and ground operations by 7.9 million tCO₂e, a 17.2% decrease over eight years since 2005
- Delta is also tracking its performance against IATA's fuel efficiency that was established in 2009
- Efficiency improvements and reductions in GHG emissions were achieved through fleet restructuring – replacing older, less fuel-efficient jets with more modern planes
- As well as strategic flight planning; removing unnecessary weight; improved operations; upgraded aircraft software; and winglets, among other projects



CARBON OFFSET PURCHASES

- In 2013, Delta used carbon offsets to achieve carbon neutral growth vs. 2012 levels, meaning that despite any increases in traffic growth, it would not increase its level of net CO₂ emissions past the 2012 levels
- In 2014, the airline transported 3.7% more traffic and used 1.7% more fuel (Note: the difference between these two figures shows the impact of fuel efficiency programmes)
- However, even though efficiencies were achieved, total emissions increased and in order to bridge this difference, the airline again decided to purchase carbon offsets for 2014
- A total of **1.7 million** carbon offsets have been purchased and retired in 2013 and 2014 to offset the corresponding increase compared to 2012 levels



CARBON OFFSET PURCHASES

- Delta worked with CTX to identify and invest in a number of offset projects from a wide range of geographies including in Brazil, Peru, Mexico and South Korea, allowing the airline to make up the gap between their traffic growth and GHG emissions
- The airline chose projects involving wind energy, landfill gas recovery, efficient cooking stoves, reduced emissions from deforestation and forest degradation (REDD+) and other environmental initiatives in addition to having social co-benefits
- All projects selected by Delta meet all of the industry's highest quality standards (CER, VCS and Gold Standard) and have been validated and verified by third-party authorities
- Importantly, these projects were chosen because they take place in communities that Delta serves



CTX OUR PARTNERS





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Additional Slides for Q&A



OUR MARKETS - VOLUNTARY

CTX operates spot exchanges for multiple environmental commodity markets, including Carbon and Renewable Energy Certificates (RECs) and Water.



VOLUNTARY CARBON MARKET

Carbon products can be purchased Voluntarily to enable companies to offset their residual emissions to become carbon neutral. CTX hosts the first exchange in the voluntary carbon markets



CARBON MANAGEMENT SERVICES

CTX has a wholly owned subsidiary named Carbon Financial Services (CFS) that can provide clients with access to carbon commodities such as CERs and ACCUs, and can manage all aspects associated with sourcing and retirement.



OUR MARKETS - NORTH AMERICA

CTX operates spot exchanges for multiple environmental commodity markets, including Carbon and Renewable Energy Certificates (RECs) and Water.



REGIONAL GHG GAS INITIATIVE

RGGI is the first mandatory cap and trade program in the United States to limit carbon dioxide (CO₂) from the power sector. CTX provides the first venue for intraday spot trading of RGGI units for compliant entities.



CALIFORNIA CAP & TRADE

CTX will be launching an emissions trading platform for the compliance market in California towards the end of 2015. This will allow the trading of both offsets and permits in the secondary market.



OUR MARKETS - AUSTRALIA

CTX operates spot exchanges for multiple environmental commodity markets, including Carbon and Renewable Energy Certificates (RECs) and Water.



AU REC MARKET

The trading of RECs provides financial incentives for investment in renewable energy power stations, and for the installation of smaller scale renewable electricity sources such as solar panels.



WATER MARKET

H2OX is a partly-owned associate of CTX, and provides a state-of-the-art exchange built specifically for the secure, transparent and efficient electronic trading of water entitlements and allocations.



PROCUREMENT OPTIONS

Join the exchange and purchase credits directly

- Membership includes all account and registry set up, including an APX EMA Lite Account, as well as standard accounts for VCS, The Gold Standard, Climate Action Reserve and American Carbon Registry
- Membership to the exchange enables clients to manage their accounts directly, with access to real-time trading indices and ongoing trading support

Or... Let us manage the process for you

- You will be provided with a dedicated consultant that will identify relevant projects (via the exchange), prepare a comprehensive and custom portfolio based on your requirements, and manage the purchase and retirement of credits on your behalf
- CTX can also provide comprehensive carbon management services for clients via its industry partners, including carbon footprint measurement and life cycle assessments of products