



# The Growth of the

# Who Am I?

Founder and Partner of EKO Asset  
Management

Merchant Bank for Ecosystem Services

We invest in people, projects, and companies  
in this space

Backed by investors such as Wolfensohn and  
Co., David Blood, Rothschild Family, etc.



# about EKO Asset Manage

is a boutique advisory and principal investment firm  
specialized in markets for ecosystem services

Current focus is land-based carbon, though we believe that  
there are attractive, long-term investments in ecosystem  
services as well.

provide capital and/or advice to harness the power of  
capital markets to allocate natural resources to their highest and  
best economic use while preserving ecosystems for future  
generations

We help firms and landowners identify and monetize



# y am I Here?

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# Where are We?

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# Where are We?

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# Ecosystem Services

## Provisioning

-  Food
-  Fiber
-  Genetic resources
-  Biochemicals
-  Fresh Water

## Cultural Services



# Ecosystem Services

## Regulating Services

-  Air quality regulation
-  Climate regulation
-  Water regulation
-  Erosion regulation
-  Water purification
-  Waste treatment
-  Disease regulation

A close-up photograph of a vibrant green leaf. A magnifying glass is positioned over a small, translucent insect, likely a fly or a similar creature, which is resting on the leaf's surface. The magnifying glass's lens is centered on the insect, making it appear larger and more detailed. The background is a soft, out-of-focus green, emphasizing the natural setting.

# True Value

Take nature's services  
granted

What isn't valued in

Think what would  
electricity were free

Then think what would  
happen to generation  
companies

# Historic Moment

These are --to quote the curse-- "interesting times": macroeconomic meltdown, new leadership

There are hidden opportunities:

World is building a major commodity market: carbon

will be worth \$100 billion+, maybe trillions

Europe's market already at \$95 billion

US market could go from \$0 to \$100 billion in 3-5 yrs.



# e European Market

■ Value (US\$ millions)



# Waxman-Markey

50% reduction from 2005 levels by 2020

to 83% below 2005 levels by 2050

covers the majority of sources

(86% going to 85%)

Agricultural and Forestry sectors are exempt  
 from compliance

15% of allowances distributed free in early  
 years



# Waxman-Markey

Offsets: 2 billion allowed annually, split equally between domestic and international

Offset use for compliance is limited at a percentage of total covered entity compliance obligation;

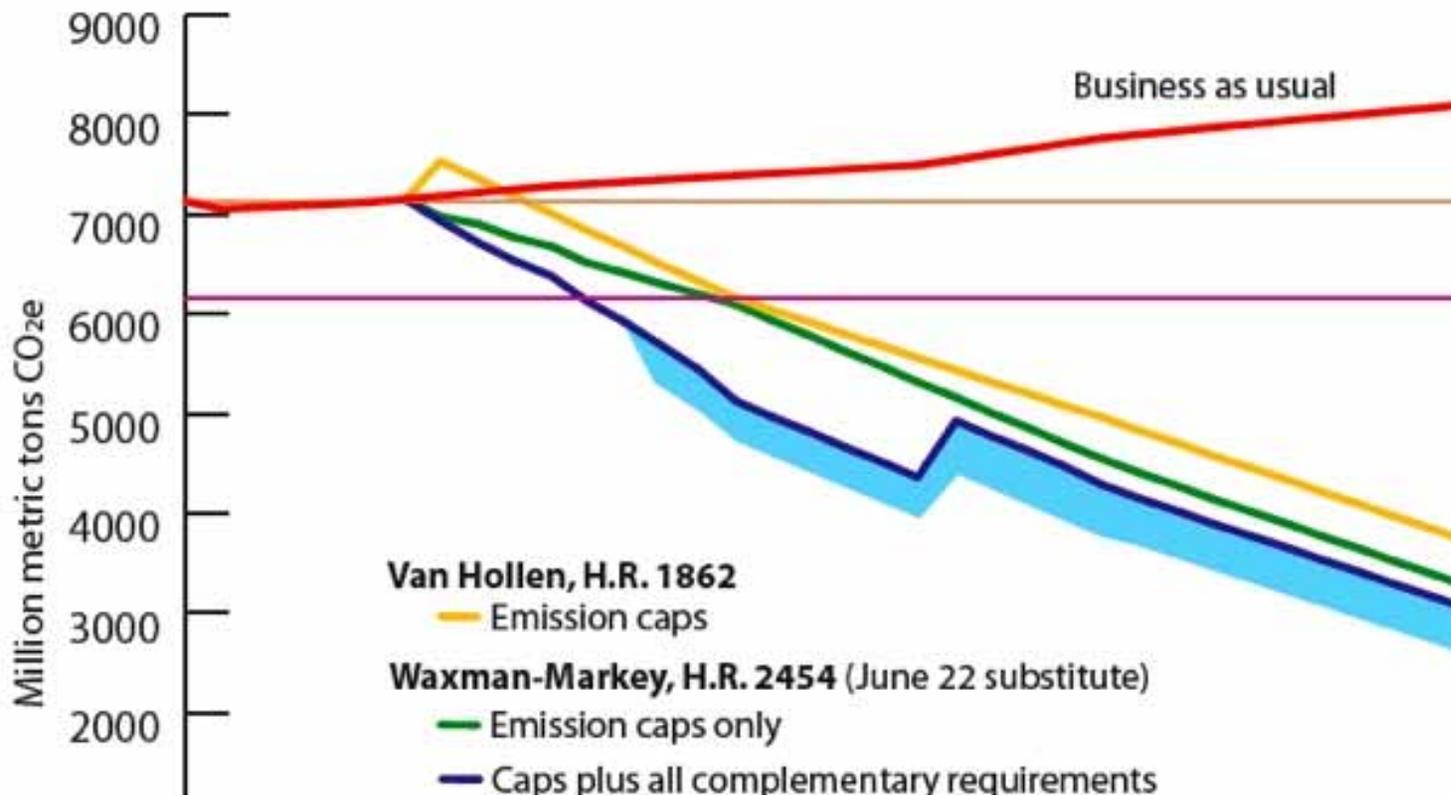
Voluntary action offset projects eligible to receive voluntarily issued offsets for emissions reductions: 100% (likely)



# A Strong Long-Term Goal

Emission Reductions Under Cap-and-Trade Proposals in the 111th Congress

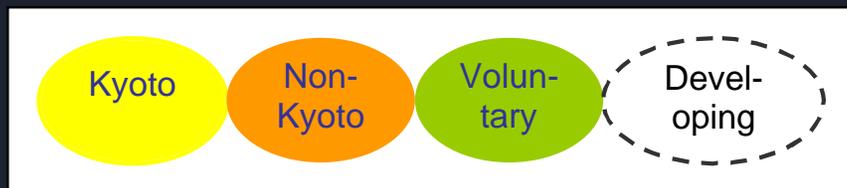
June 25, 2009



# Timing

- House legislative action passed this year (Waxman-Markey passed by House)
- Senate passage potentially mid-late
- Challenges, discussion and rule making over next 2-3 years
- OTC trading has already begun
- Market in effect 2012-13

# The US Catching Up



**EU ETS**  
**\$92 billion**

**CDM**  
**\$21 billion**

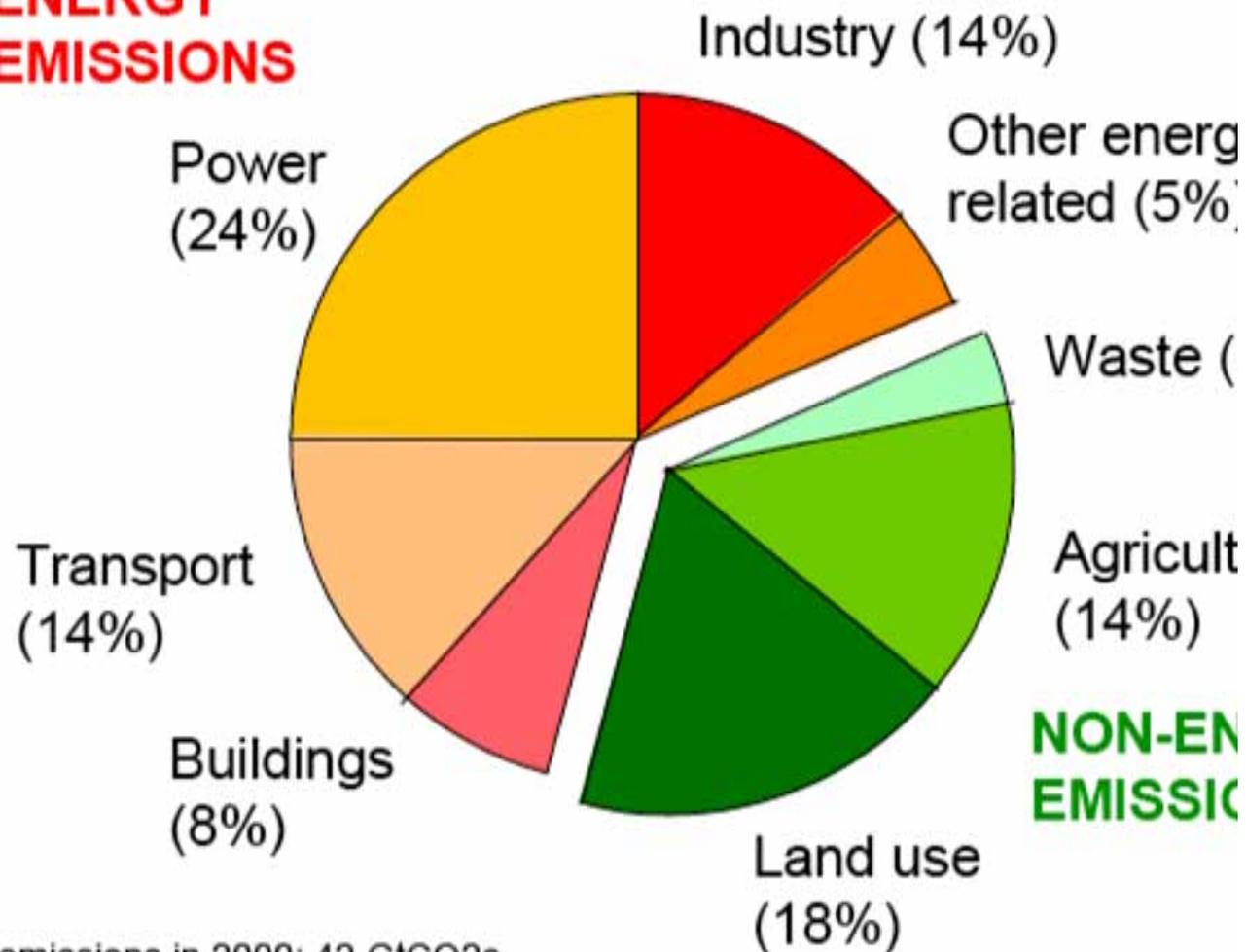
**CCX**  
**\$307 million**

**Voluntary OTC**  
**\$397 million**

**US**  
**(Federal Carbon Market)**

Figure 1 Greenhouse-gas emissions in 2000, by source

**ENERGY  
EMISSIONS**



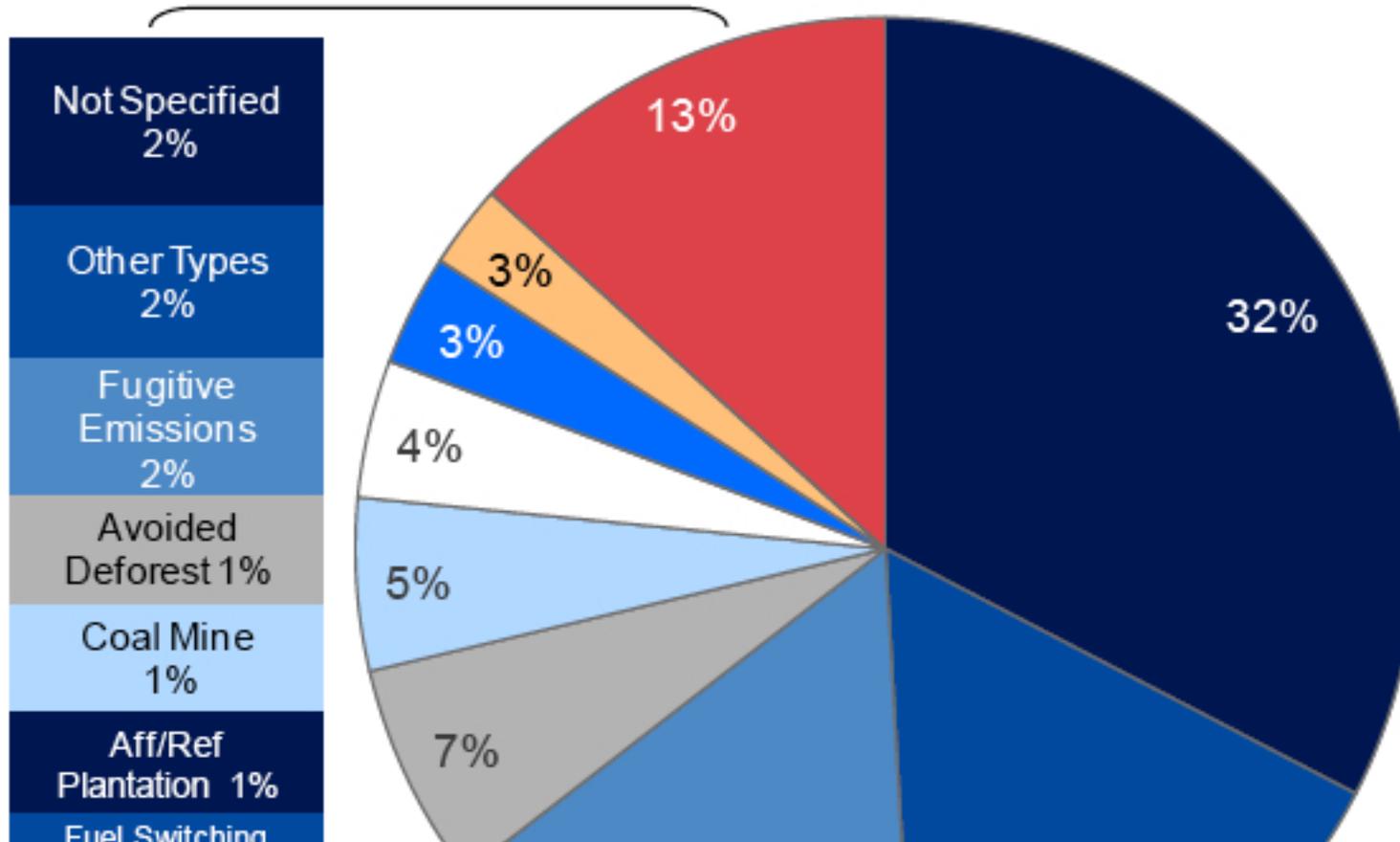
**NON-ENERGY  
EMISSIONS**

Total emissions in 2000: 42 GtCO<sub>2</sub>e.

Energy emissions are mostly CO<sub>2</sub> (some non-CO<sub>2</sub> in industry and other energy re

# e Voluntary Markets

Transaction Volume by Project Type, OTC 2008



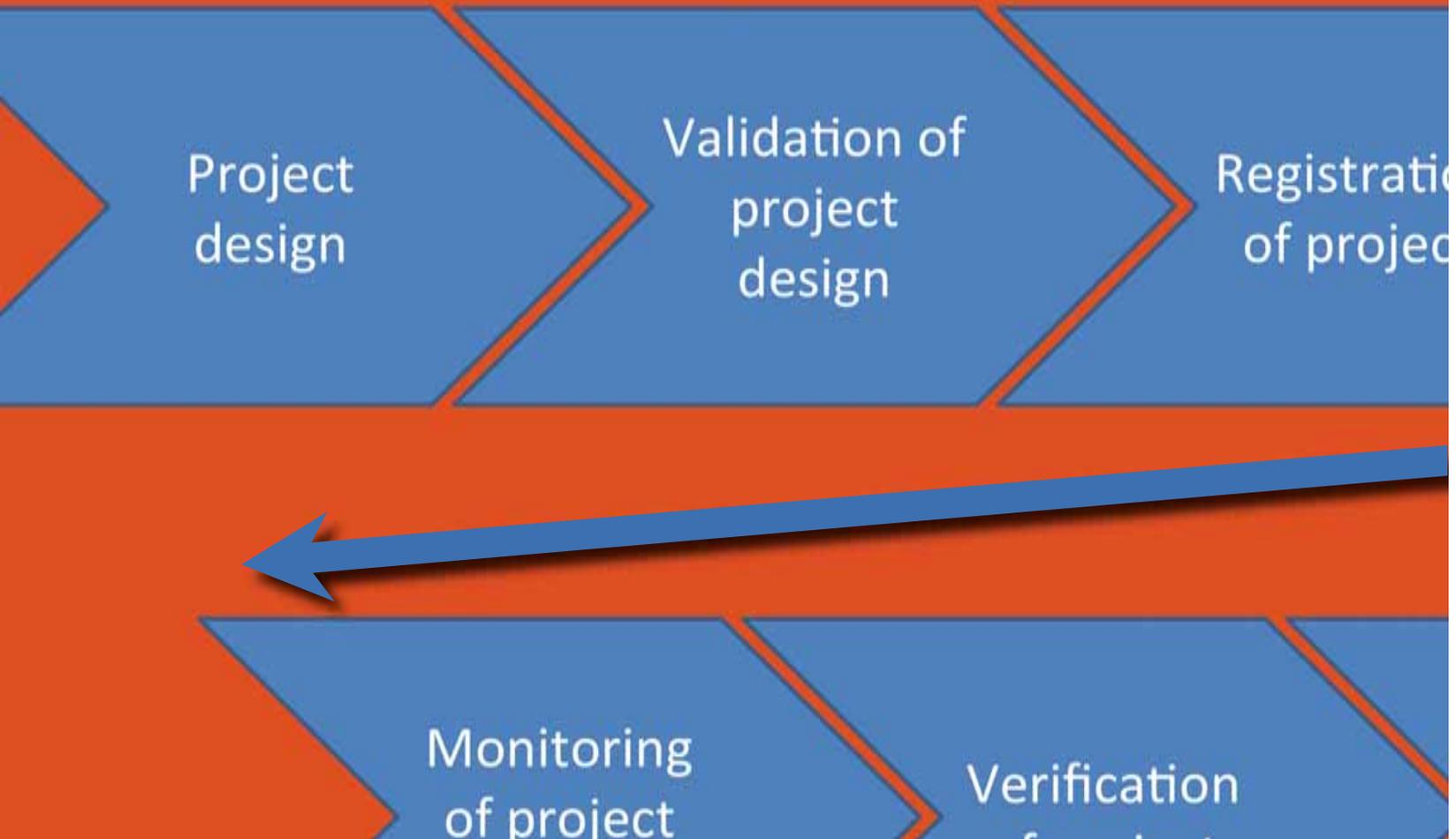
# Forest Project Types (In C

**Conservation-based Forest Management:** Forest projects that are based on the commercial or non-commercial harvest and regeneration of native trees and employs natural forest management practices

**Restoration:** Forest projects that are based on the restoration of native tree cover on lands that were previously forested, but have been out of forest cover for a minimum of ten years



# Creating a Carbon Credit



# Example Project: Forest Mar

Plot size	10,000 acres
Production per year	20,000 tons
Production per acre	2 tons/acre/year
Per acre investment	\$28/acre
Harvest buffer	10% of annual generation
Operating cost	\$3/acre/year
Owner % of carbon	40%
Outside investment	\$280,000
Carbon produced	162,000
Costs per acre	\$7.2

Note:  
p  
carb  
no m

	Year 0	Year 1	Year 2	Year 3	Year 4
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# Sample Project: Forest Mar

Plot size	10,000 acres
Carbon production per year	30,000 tons/year
Carbon production per acre	3 tons/acre/year
Cost per acre investment	\$28/acre
Carbon buffer	10% of annual generation
Operating cost	\$3/acre/year
Landowners % of carbon	40%
Total investment	\$280,000
Total carbon produced	243,000
Net benefits per acre	\$10.2

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	Year 0	Year 1	Year 2	Year 3	Year 4
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# Water-related Markets

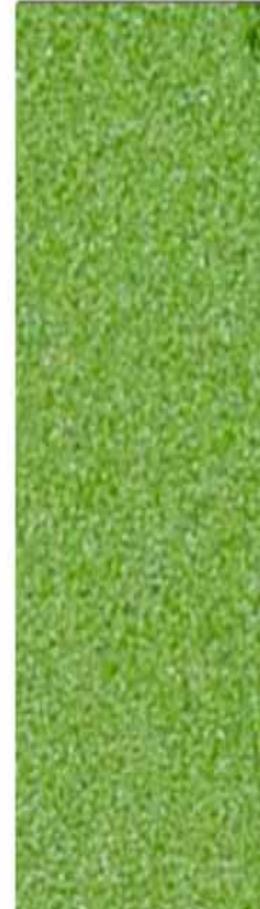
with less developed

possible kinds:

Quality

Quantity

Quality likely to come in first



# Global Problem...

**World Hypoxic and Eutrophic Coastal Areas**









# NEW YORK STOCK EXCHANGE

1234 567 890 1011 1212 1313 1414 1515 1616 1717 1818 1919 2020





# Galileo Galilei

What greater stupidity can be imagined  
in calling jewels, silver, and gold  
'precious' and earth and soil 'base'?  
People who do this ought to remember  
that if there were a greater scarcity of soil  
than of jewels or precious metals, there  
would not be a prince who would not  
send a bushel of diamonds... to have  
enough soil to plant a jasmine in a little  
pot... or to sow an orange seed and watch





# r Team

**do Bayon:** founder and Managing Director of the Ecosystem Marketplace. Lead Author: "Voluntary Carbon Markets: An International Business Guide"; Expert on carbon (particularly forestry voluntary carbon) and environmental markets

**Davis:** a corporate lawyer with over a decade of experience representing companies & funds; started career at Skadden Arps

**Kerr:** worked in the investment banking and asset management industries for over twenty years (with Goldman Sachs, etc.); he began his professional career as an attorney with the law firm Simpson Thacher & Bartlett

**Schneider:** started the carbon desk at Credit Suisse in late 2005; completed approximately \$200m of carbon transactions;

