

Income - Carbon opportunity

a capital guaranteed structure (at maturity)

Strategy Summery

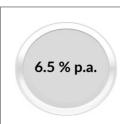
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Level of Risk

Time Horizon

Income

Asset Type

Coupons

Currency

Your Investment Vehicle

Underlying Carbone Allowances (arbritrage)

► Issue Price 100%

Maturity: December 2025

Currency: USD

► Upside Potential 6.5 % p.a.

Capital guarantee full capital guarantee

Leverage: nil

▶ Liquidity: Daily, Market-to-Market▶ Other observations: High quality product

Investment Opportunity

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Understanding the EU Emissions trading scheme (EU ETS)

Launched at the start of 2005, under the European Union initiative, the EU ETS is the world's first international company-level 'cap-and trade' system of allowances for emitting carbon dioxide (CO2) and other greenhouse gases. Within the cap, companies receive or buy emission allowances which they can trade with one another as needed (EUAs). EU ETS: Key facts:

- Operates in the 28 EU countries plus Iceland, Liechtenstein and Norway
- Covers around 45% of the EU's greenhouse gas emissions from several activities such as power and heat generation, energy intensive industry, civil aviation etc. Participation in the EU ETS is mandatory for companies operating in these sectors
- Emission allowances are the "currency" of the EU ETS, and the limit on the total number available gives them a value

EUAs Allocation: from 2005 to 2013, allowances were allocated by governments for free. From 2013 auctioning is the main method of allocating to control the number of allowances. EUA Trading:

- To cover the rest of their emissions companies, need to buy additional allowances or else draw on any surplus allowances they have saved. However, companies can also sell allowances and credits, for instance if they judge they have more than they are going to need. The price of allowances is then determined by supply and demand.
- Anyone with an account in the EU registry can buy or sell allowances, whether they are a company covered by the EU ETS or not. Trading can be done directly between buyers and sellers, through several organised exchanges or through the many intermediaries active in the carbon market.
- ICE Futures Europe is the leading market for carbon dioxide (CO2) emissions

Advantages

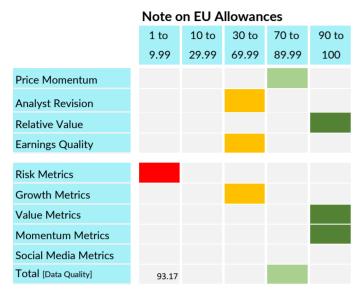
- ▶ 1) The Note aims to take advantage of the difference between spot & forward prices at inception.
- **2)** Investors benefit from a guaranteed coupon of 6.5% p.a.
- ▶ 3) 100 % capital guarantee at maturity

Disadvantages

- ▶ 1) This product includes a full capital protection. Such protection is only valid at the maturity date. The value of the product may, during its lifetime, be lower than the amount of the capital protection. As a consequence, the investor may lose part or all of the invested amount if the product is sold before the maturity date.
- ▶ 2) In case of an extraordinary event the issuer can unwind at a price equal to market level and therefore the investor may receive less than the invested capital.



3 Heatmap



Invest in commodities through EUAs contracts (ICE Future Europe market):

- -ŒUAs are "dematerialized" commodities: EUAs are certificates stored in a clearing system.
- -ŒUAs do not require storage in warehouses like other physical assets, therefore the storage costs are minor. -Buying the spot contract & holding it is costless.
- -Benefit from the existing contango on EUAs forward curve at launch to arbitrage spot & forward contracts. -IGuaranteed coupon of 6.5% p.a.
- -1200% Capital Protection at maturity.

Investors are advised to carefully read the risk factors section of the Base Prospectus before investing in the Carbon Note. Find all the risks in the Base Prospectus. The product is notably exposed to the following risks:

- Bisk of capital loss: In case of exit before maturity, the redemption price of the financial product may be lower than its subscription price. The client therefore takes a risk of capital loss that cannot be measured a priori
- -Underlying risk: The customer is exposed to the marked-to-market risk (linked to the price of EUAs)
- -Risk related to the Issuer's possible default: The customer is exposed to the risk of bankruptcy or default of the issuer. Natixis' rating is that in force on the date of opening of the subscription period. This rating may be revised at any time and is not a guarantee of the solvency of the issuer and the Guarantor. It does not and cannot constitute an argument for subscription to the product.
- -Bistoric observed maximum drawdown of product during lifetime: 7.95%
- -In case of early termination, the net proceeds of the sale can be below the initial capital invested.
- -Eiquidity risk: Certain exceptional market conditions may have an adverse effect on the liquidity of the debt security, or even mpletely illiquid

The Carbon Market: Purpose and Operations

-Tahe EU ETS (EU ETS, European Emissions Trading Scheme) is an exchange system for carbon emission allowances, namely EUA (European Emission Allowances). An EUA is a right to emit one ton of carbon dioxide gas equivalent in to the atmosphere. The exchange aims to price greenhouse gas emissions and consequently reduce them to help European countries with their national commitments (KyotoProtocol,1997)

-The exchange is based on a «cap-and-trade» system. Participants trade a fixed quantity of allowances. The allowances are mostly sold through national auctions while apart of these allowances are distributed for free to limit «carbon leakage» (the risk of pollution source relocation).

-Tahe allowance supply will decrease by 2.20% per year. This decrease pushes companies to reduce their pollution. From September 2021 to August 2022, 378 million EUAs should

-Im practice, every year, each participant must return an allowance for every ton of CO2 they emit during that year. If a participant has insufficient allowances, then it must buy more allowances on the market. If a participant has un used allowances, it can either bank them for future needs or sell them to another participant. In other words, participants can acquire allowances at auctions, or from each other.

-: With over 11,000 industrials (e.g., Arcelor Mittal, Alstom Power, BP...), the EUETS currently covers more than 40% of greenhouse gas emissions of the European Union.

Context of Carbon Market

-且ast year was eventful for the carbon allowances market. In August 2022, the EUA price reach edits all time high of 98€ per ton. The war in Ukraine led to an increase in gas prices, increasing demand for EUAs. Recently, the possibility of demand destruction caused by the energy crisis in Europe has driven down EUA prices.

Minimum Requirement: -Tahe launch of this product is subject to a minimum subscription of USD 5 million

Guidance

Characteristics

Name **Note on EU Allowances**

Issuing Bank to be announced **ISIN Number** to be announced

Redemption December 2025 **Duration:**

Management Fee 1.0 % on the invested capital

Type of investment Yield enhancement

Issue size: USD 5M; min denomination USD 125K Risk scale

Risk

- Capital is not protected below barrier or if the issuer or guarantor fails
- Gain is limited to the coupon payment
- The investor will not receive dividend payments from the underlying
- * Repayment diagram is indicative and subject to final terms at redemption

Product Launch

- Launch subject to investment conditions fixed by the issuer and amount raised.

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