

CFTC VCM Convening

July 2023 – Russell Karas

Xpansiv

Xpansiv | Company Overview

The Trusted Infrastructure Provider for Global Environmental Commodities Markets

Company Overview

- **Formed in 2019 through the merger between CBL Markets and Xpansiv**
 - CBL developed the 1st spot exchange for environmental commodities
 - Xpansiv pioneered a next generation registry system for ESG commodity assets
 - Successfully completed and integrated multiple acquisitions since 2019
- **250+ employees globally**
- **First mover with a breadth of experience**
- **Integrated infrastructure and service provider for environmental commodities:**



Carbon



Renewable Energy



Fuels



Water

Market Presence

95%+

Market share of global carbon spot volume traded on-exchange

1,500+

Market participants trading across water, carbon, renewables & digital fuels

280M+

Tons of carbon emissions traded since 2020

2.1B+

Environmental assets transferred on Xpansiv infrastructure since 2021

70%+

Market share of offsets and NA RECs registered utilizing Xpansiv software

A Few of Our Investors

Blackstone

Goldman Sachs



BANK OF AMERICA

aware
SUPER



Commonwealth Bank

S&P Global

cefc

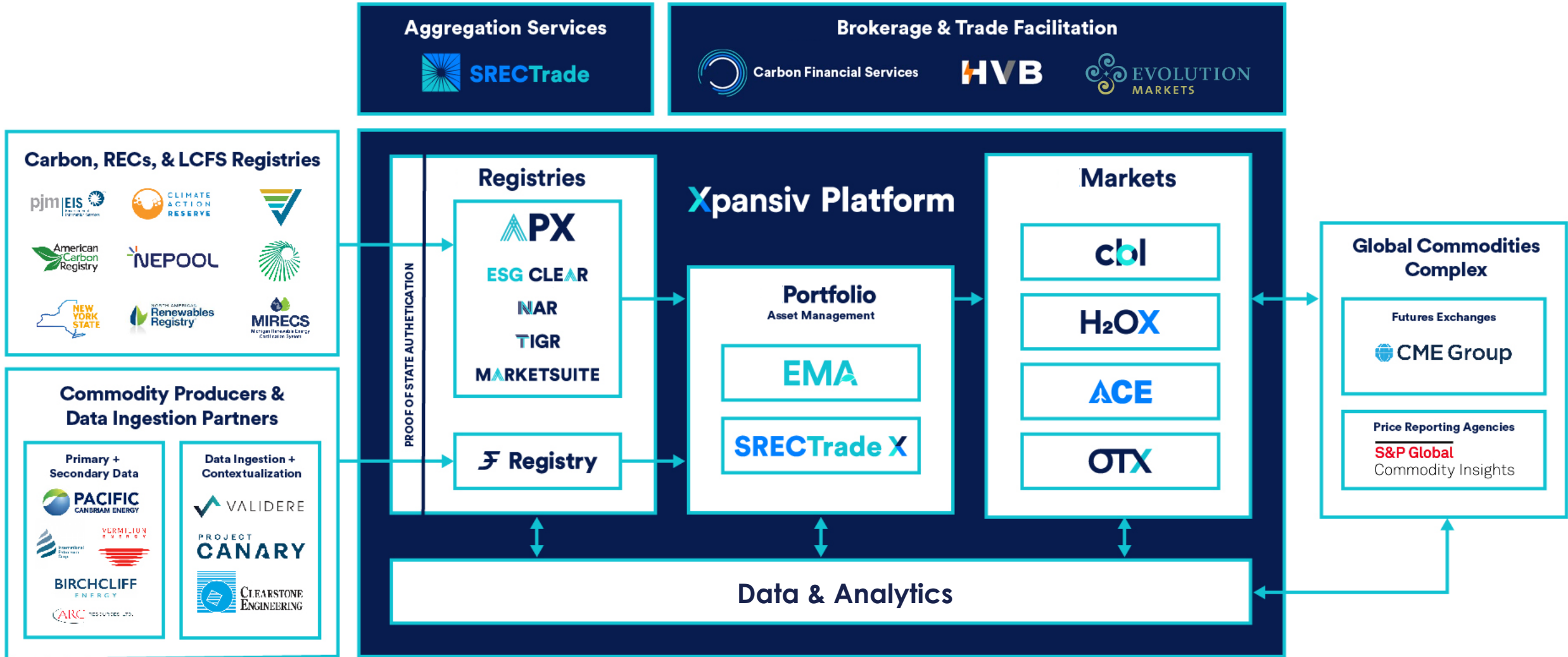


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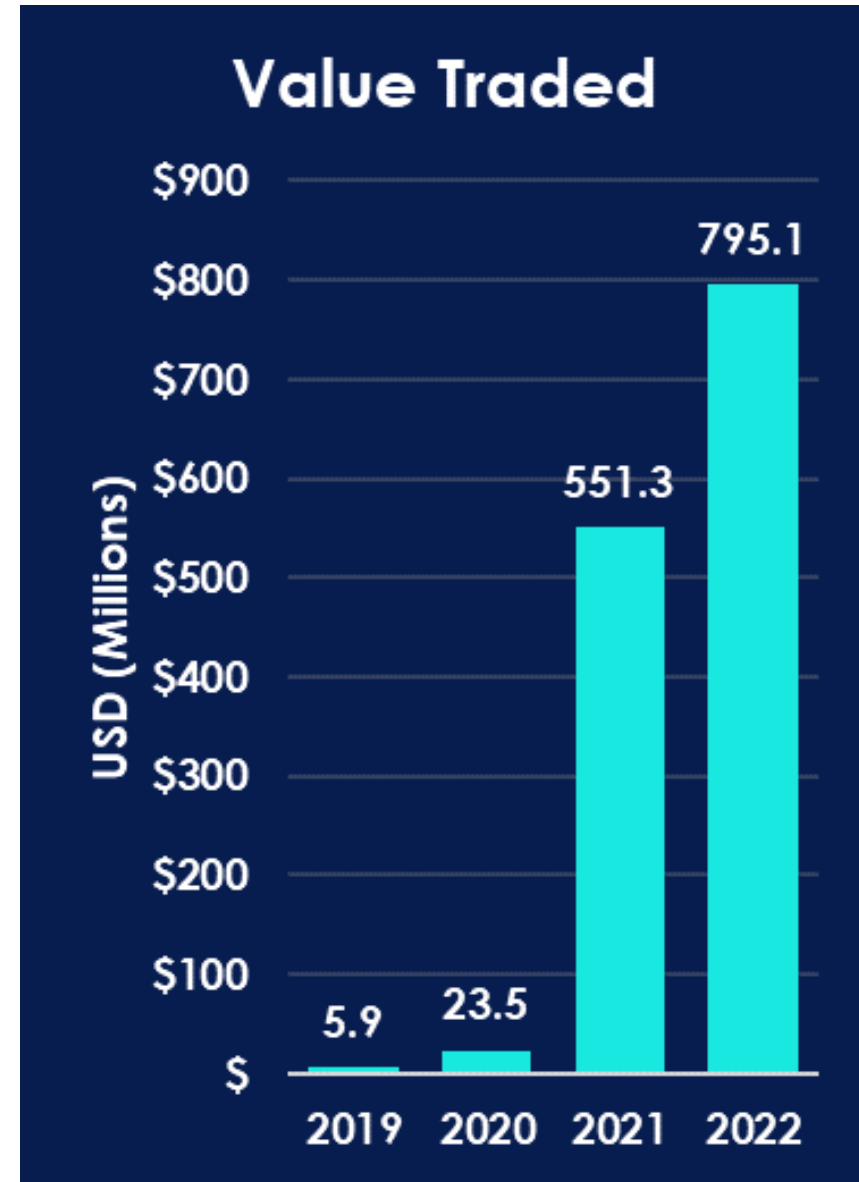
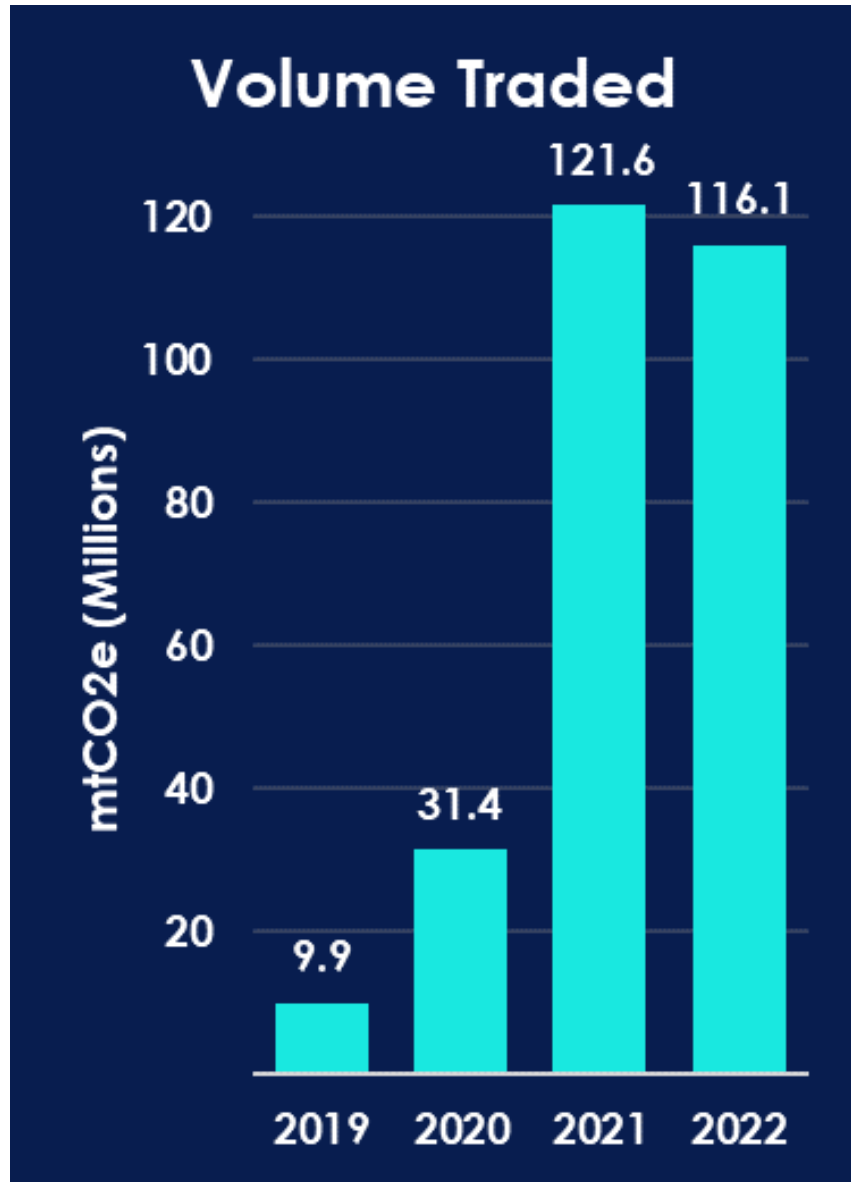


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Xpansiv Platform Architecture



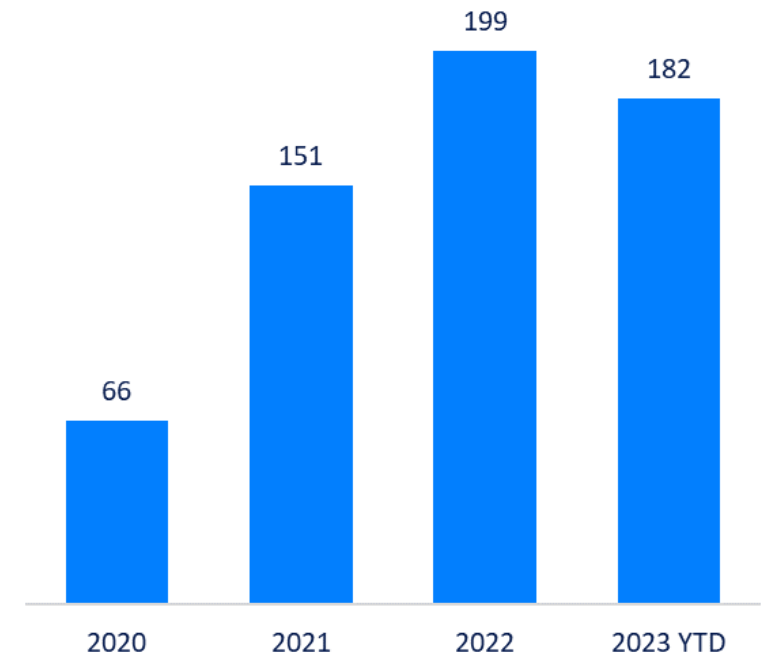
CBL Volume Growth through 2022



Market activity has cooled in short term – still long term positive outlook

- **Q2 2023 carbon market volumes of 9Mt, down from 17Mt in Q2 2022**
 - New buyer hesitation due to negative media coverage, macroeconomic conditions, high interest rates
 - 109M tons transacted across CME GEO Futures complex as of May 2023
 - GEO futures OI at ~13,700, N-GEO futures at ~11,500
- **Increasing number of firms trading spot carbon in 2023**
 - Lower volumes but 2nd highest number of CBL carbon participants in Q2
- **Firms are taking time to execute decarbonization strategy – not exiting**
 - 48M retired in Q1 2023 was 3rd highest of time
 - 37M credits were retired in Q2 2023, down but still above 2021 levels

Firms Trading Carbon on CBL



GEO Standardized Prices



— SD-GEO — GEO — N-GEO — C-GEO

Where the Market is Headed

- **Guidance on the horizon**

- CORSIA – Compliance Phase 1 beginning 2024 - ICAO Eligible Emissions Units released in March 2023
- VCM Claims Code of Practice - lends support for CORSIA credit usage by corporates
- TSVCM Eligibility Criteria – Core Carbon Principles coming soon
- Article 6

- **More educated marketplace**

- Offsets as part of a broader decarbonization strategy
- Scope 2 focus emerging in near term
- Ratings Agencies: BeZero, Sylvera, Trove Research

- **Enhanced trade execution and price transparency**

- Centralized liquidity and connectivity to a wider array of registries