



Impact Case Study:

Green Supply Chains: Financing Sustainable Steel Products

December 2024

Impact Case Study: Green Supply Chains

About Channel

Channel Capital Advisors LLP is the FCA authorised and regulated unit of Channel Digital Holdings Ltd, a London based firm using technology to fund the specialty finance and innovation sectors.

Founded: 2007

Location: London, UK

Funds: Open pooled funds, SMAs and co-investment mandates

Share class: Traditional and Sharia compliant certificates

Volume: \$25 billion of financing

Website:

www.channelcapital.io

The Gig Economy for Freelancers and the Financing Gap

"Green Supply Chains" as well as re-shoring of the supply chain have both received a big boost since the COVID-19 pandemic and the outbreak of war in Ukraine in 2022. However, these initiatives require funding - including new balance sheet financing for trade.



One sector, the metals and mining industries, require significant investment. Recent research indicates that metals & mining companies represent a further \$130 billion of Green Capex re-investment starting from 2023 onwards. Channel has a long-standing focus on ESG and Impact activities, including selectively considering the "green metals" market relating to low-carbon economy firms and re-cycling. Channel selectively originates lending opportunities that embrace circular economy practices, or firms that increasingly focusing on re-purposing their inputs and processes that would otherwise be more energy intensive to produce as primary goods.

1. At a glance (source: Symbia)

90% of environmental impact is related directly to supply chains

71% of all new ships comply with the Paris climate accords

3. Outcome and Impact

Outcome - Green steel production typically uses significantly less energy than primary metal refining. Smelting scrap metal for recycling requires less energy than the initial process of refining raw minerals into metals, thus lowering emissions. Further, with the re-scoping of supply chains since the COVID pandemic, countries and firms both are looking for alternative sources of metal, including re-cycled goods. Green steel goods are in high demand supporting growing needs in the automation, data centers/semi-conductor, cyber, electricity, construction and automotive industries. Regulatory authorities have encouraged buyers of refined products to switch to green metals. The European Circular Aluminium Action Plan has established a 50 percent target for re-cycled aluminium by 2030.³ Beyond regulation, there have been a series of market-based incentives for firms to consider re-cycling measures, including demand-side pressure from consumers.

Impact - Our borrowers have increasingly focused on reducing direct emissions from their production facility processes. White & Case 2022 reports that up to 20% of global metal market output is now produced from green metals and scrap, notably in the US and the EU. Channel maps ESG data across its portfolio in order to contribute risk-based indicators. It also considers impact as well, that is impact upon stakeholders including our investee firms. Channel focuses on Sustainable Development Goal 8 and 9, as noted below.

Sustainable Development Goal 9 is to Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. As we continue the journey and continue to make new investments while evaluating impact, we will begin to incorporate further impact frameworks, including Theory of Change across the relevant investment portfolios. Our funding of selective players in the green metals space since 2021 demonstrate our continuation on this journey. Channel is proud to provide well structured funding facilities in support of quality borrowers in this sector.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



This report has been prepared by Channel Capital Advisors LLP in its capacity as Investment Manager. Channel Capital Advisors LLP is authorised and regulated by the Financial Conduct Authority in the UK. The information contained in this report does not constitute advice and is intended solely for use of the intended recipients. This report is for information purposes only and is provided without any representations or warranties as to its accuracy or completeness, or to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns contained in this document. Without prejudice to liability for fraud, no member of Channel Capital Advisors LLP accepts or will accept any liability, responsibility or obligation (whether in contract, tort or otherwise) in relation to this report. The information contained herein is strictly confidential and may not be disclosed, in whole or in part, in any manner, reproduced, distributed or released without the express written permission of Channel Capital Advisors LLP. The recipients undertake not to use any confidential information for any unlawful purpose. This information contained therein is intended solely for use of the intended recipients and the sharing of this information to non-authorised persons is prohibited. If you are not the intended recipient, any disclosure, copying, distribution or any action taken in reliance on it, is prohibited and may be unlawful. If you are not the intended recipient, please return the email to the sender and delete it from your records. Channel Capital Advisors LLP is registered in England (No. OC322712), with its registered address and its principal place of business at 44 Whitfield Street, London, W1T 2RH. Past performance is not a guide to the future. The value of investments can go down as well as up. None of the information shared in this email should be construed as an inducement to purchase or sell certificates in the fund or as investment advice. More information about the fund is available in the Terms and Conditions and the Information Memorandum and should both be read carefully before investing in conjunction with the other transaction documents (together the "Documents"). You can obtain a copy of the Documents on request.