Source of Capital

Corporate Expenditure

Type Of Entity	Multinational corporations; state-owned enterprises in which the government holds a minority stake
Investment Stage	Depends on strategy; typically late but can be early for corporate VC
Impact	Enable new technologies and business models or form strategic relationships through investments and acquisitions
Instrument	Equity; typically buy and hold
Supplier Of Concessional Capital	YES **NO**

Description

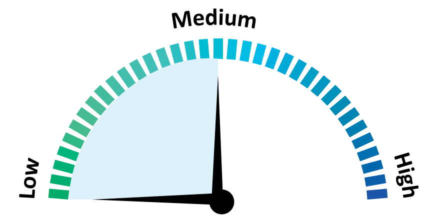
Corporate expenditure refers to capital expenditure (Capex) or investment expenditure through which a company invests in their own infrastructure, property, plant, and equipment, and/or supply chains; or where a company acquires another company (either outright or takes a controlling stake).

Private equity (P/E) funds are typically structured as limited partnerships and their investors (often called "Corporates from all sectors in all countries can undertake investments that are climate-aligned (both mitigation and adaptation/ resilience), and many corporates have announced net-zero and other sustainability commitments. Multinational corporations invest in developing economies for a range of reasons, including for example to expand their businesses to other geographies and to secure inputs along their supply chains, or though creating joint ventures with companies in the target country. Corporate investment tends to be long term investment, and when cross border is also known as Foreign Direct Investment. Such investments can be held on the corporate balance sheet or through special purpose vehicles. Larger corporates also may have venture capital arms which invest directly in innovative, early-stage companies either in the same or adjacent industries.

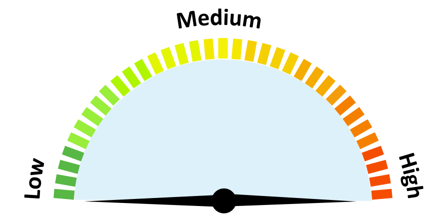
Over 20% of all climate finance globally comes from corporations' capital investments; [c.50%] of this is invested in non-developed economies.

Corporate expenditure represents 40% of all private climate flows, and in 2019/20 accounted for more than $124 billion globally and $66.2 billion in climate finance to developing economies. [1]

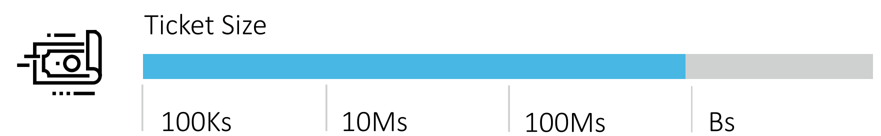
1 *Biennial average between 2019/2020 for the following regions:* Middle East and North Africa, Sub-Saharan Africa, South Asia, East Asia and Pacific, Central Asia and Eastern Europe, Latin America and the Caribbean. Source: Buchner, Barbara, Baysa Naran, Pedro Fernandes, Rajashree Padmanabhi, Paul Rosane, Matthew Solomon, Sean Stout, et al. 2021. "CPI Global Landscape of Climate Finance 2021."
https://www.climatepolicyinitiative.org/wp-content/uploads/10/2021/Full-report-Global-Landscape-of-Climate-Finance2021-.pdf



Relative Return Requirement



Relative Risk Appetite



Recommended Actions By Key Source Of Capital

Some suggestions for what Corporates can do more of to enhance Just Financing outcomes include:

- Incorporate Just Financing Principles into all capital expenditures, particularly those in developing economies.
- Ensure that all capital investments integrate climate-related risks assessments, and maximize low-carbon, climate resilient outcomes.