



# Understanding Carbon Credits – what you really get

*The value of carbon credits (equivalent to one ton of carbon dioxide emissions saved) can differ widely, particularly in the voluntary carbon market. Project development costs can be substantial, and depend on the specific project's technology, host country, socio-economic circumstances and other factors.*

*The idea of carbon credits is to encourage investment in projects that help reduce global greenhouse gas emissions in order to alleviate the adverse effects of climate change. The larger the share of your purchase price that goes to the project, the bigger your positive impact is. As sustainability solution provider with a seasoned experience in project development, south pole group sources the carbon credits directly from its projects. In this way, we ensure that the maximum amount of your investment goes directly to the project.*

*In this White Paper, we want to help you understand what goes into a carbon credit: we show you which players, stakeholders, and beneficiaries are involved.*

## Project Ownership

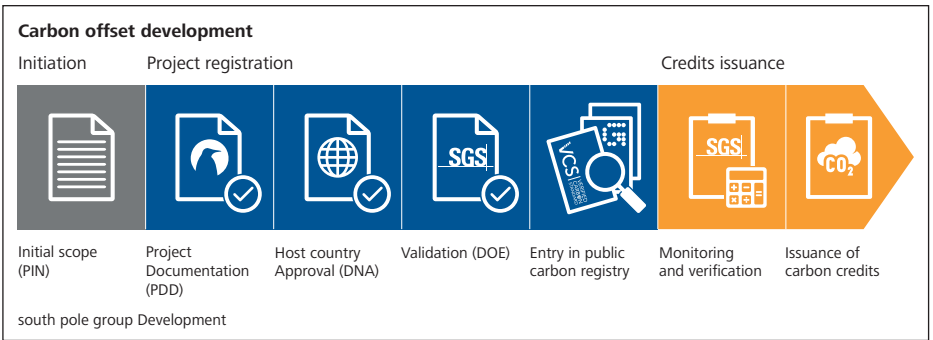
The project owner is the actual owner and investor of a project activity. This activity could be investment in methane capture devices at an existing starch plant, or the manufacture of efficient cooking stoves to replace traditional fires in households for example. The project owner finances such activities and expects the investment to be paid back over time via the revenue generated through the sale of carbon credits.

The project owner receives a percentage of this revenue. It varies depending on a number of factors, including the final sales price, costs of independent validation and verification, volume of credits sold, and the amount of risk taken by the various involved parties.

## Project Development

Project development consists of more than merely calculating the CO<sub>2</sub> emissions reduction potential. Strict international rules define the methodologies and boundaries of emissions reduction projects. These rules and processes are laid down by so-called registration standards, under which carbon projects can be registered, and the ensuing emission reductions certified.

south pole group's projects are usually registered under one of the following standards: CDM, GoldStandard, VCS and SocialCarbon. To fulfil the requirements of a standard, detailed documentation and thorough calculations made by experienced carbon experts are crucial.





Usually, a carbon project takes about two years to mature from project idea to market. Our dedicated project managers, based in one of our offices spanning six continents, accompany the projects closely during this time. The costs for the project development cover project design description, monitoring and third-party assurance, carried out on the projects in order to ensure their ongoing technical integrity and compliance with the approved operational plan for the generation of carbon credits over the lifetime of the project. Projects can generate emissions reductions for up to 21 years.

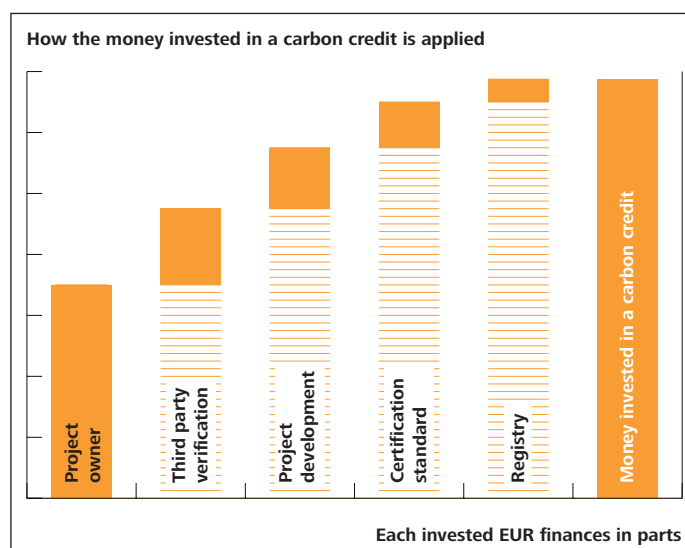
## Project Validation

A carbon reduction project has to withstand the detailed scrutiny of third-party validation based on UN rules and profitability calculations.

All of the projects developed by south pole group meet these stringent criteria. They comply with the most demanding standards, and guarantee additionality: The projects would not have been realised, had it not been for the catalysing intervention of south pole group raising capital for the project owner to implement the carbon reduction project. south pole group does this by first investing in the generation of carbon credits and then selling the generated credits to voluntary buyers afterwards. Of this sales revenue, a substantial portion goes directly to the project.

Independent third-party validators place every aspect of project design under thorough scrutiny, both from the outset and subsequently for every issuance of carbon credits over the lifetime of the project. south pole group works with TÜV Süd, SGS, SQS and Environmental Services, amongst others, for these processes. With the successful validation of south pole group's project documentation, a project is eligible for registration with one of the certification standards.

The parties remunerated when you buy a carbon credit are:



## Project Monitoring and Verification

Over a project's lifetime, the actual emission reductions need to be regularly monitored and documented in order to generate valid carbon credits. south pole group has developed an automated system ("MOVERS"), which will be installed at more and more projects to allow for remote monitoring. Again, an independent third-party verifies the integrity of the monitored data. This third-party verification allows the project to claim the carbon credits. south pole group bears the costs for the third-party verification, which are not refundable.



## Project Registry

Every single carbon credit is registered with a unique number so that every involved party can check the status of their credits. Public registries ensure transparency, and that carbon credits are not double counted and are attributed to one single owner at any point in time.

Depending on the carbon credit type, south pole group works with Markit, NY APX and National Registries. These platforms provide hosting for the different standards to issue, transact and retire carbon credits.

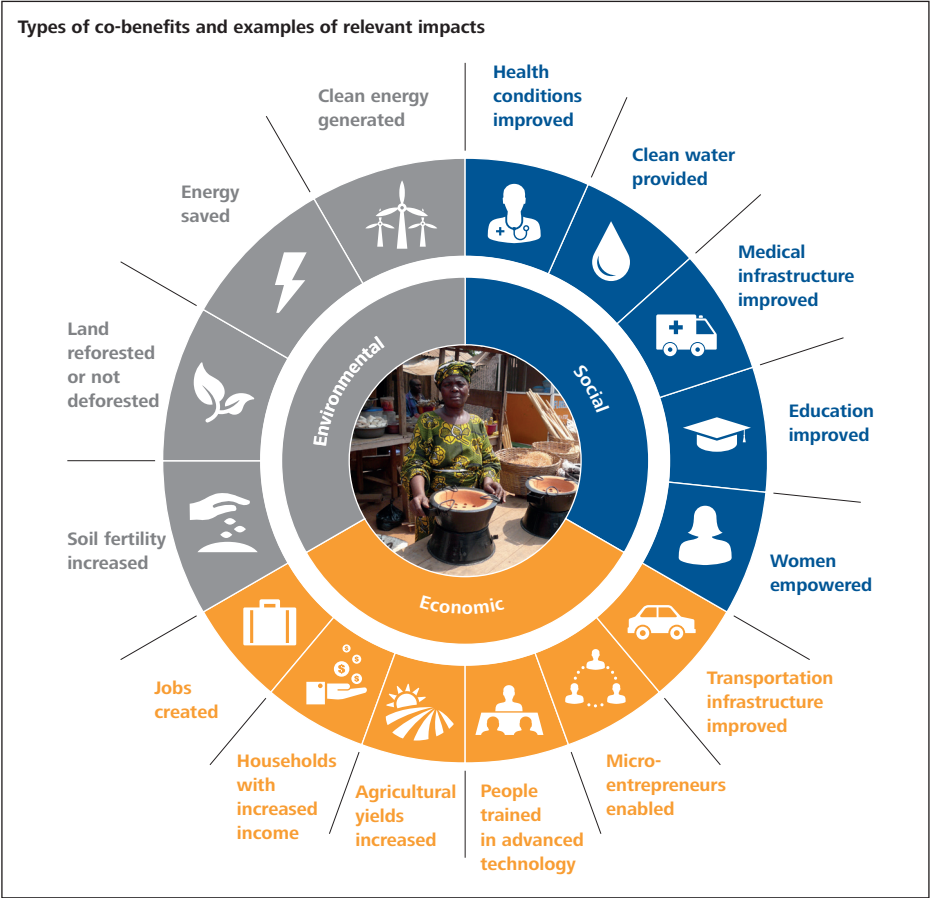
Registry fees refer to the amount paid to manage the carbon credit. These costs are not refundable.

## Co-benefits

Each carbon reduction project entails a series of valuable socio-economic benefits that go beyond greenhouse gas emission reductions. Depending on the project scope, these co-benefits play an important role in the project design.

- The co-benefits can be attributed to the three pillars of sustainability:
- Environmental
  - Social
  - Economic

With your investment in climate neutrality, you directly contribute to their generation. This can range from increasing living standards, allowing access to education, creating jobs and improving infrastructure. south pole group’s project portfolio allows you to choose carbon credits from a range of projects, whose co-benefits match your sustainability targets.







## References

### Standards

The Gold Standard was established by WWF for the development of high quality mitigation projects with particular focus on sustainable development.

**[www.goldstandard.org](http://www.goldstandard.org)**

The VCS ("Verified Carbon Standard") is the world's most widely-used voluntary greenhouse gas reduction programme, with over a thousand projects.

**[www.v-c-s.org](http://www.v-c-s.org)**

The Social Carbon standard was developed to strengthen social co-benefits of carbon offsetting projects and enhance active participation of stakeholders. It is typically used in conjunction with a carbon accounting standard, such as the VCS.

**[www.socialcarbon.org](http://www.socialcarbon.org)**

The CCBA is a partnership of NGOs with the aim of stimulating land-based carbon reduction activities, improving the wellbeing and reducing poverty of local communities, and conserve biodiversity.

**[www.climate-standards.org](http://www.climate-standards.org)**



Cook stoves save Panda habitat, China

### Third-party auditors

All our carbon projects undergo independent third-party validation and verification.

TÜV SÜD **[www.tuev-sued.ch](http://www.tuev-sued.ch)**

SGS **[www.sgs.ch](http://www.sgs.ch)**

Bureau Veritas **[www.bureauveritas.ch](http://www.bureauveritas.ch)**

### Registries

Gold Standard Registry (operated by Markit)

VCS Registry (operated by Markit)

Social Carbon (operated by Markit)

**[www.markit.com](http://www.markit.com)**

VCS Registry (operated by APX)

**[www.vcsregistry.com](http://www.vcsregistry.com)**

National Registries

**[www.bafu.admin.ch/emissionshandel](http://www.bafu.admin.ch/emissionshandel)**

**[www.nationalregistry.cleanenergyregulator.gov.au](http://www.nationalregistry.cleanenergyregulator.gov.au)**