STANDARD

The Carbon Solutions Global Standard 1.0

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CARBON SOLUTIONS GLOBAL STANDARD

Version 1.0

1. DEFINITIONS

Account holder: a natural or legal person that holds an account with the CSG Registry.

Additionality: the first step in examining the feasibility of a climate protection project is to check if the additionality criteria are met. The criteria that the project should meet are legal and financial additionality. The fact of meeting these criteria shall be demonstrated by the project developer.

- *Financial additionality:* a project can be called financially additional if it could not have been realised without the profit made on issuing and selling carbon credits.
- *Legal additionality*: a project cannot meet this criterion if it is only realised in order to comply with legal requirements or industrial standards.

Baseline: the GHG emissions which would happen without the implementation of the project. It is a referential value, with which the expected amount of emission reductions can be calculated.

Carbon credit: a negotiable certificate, or permission, which represents 1 tonne of CO_2 emission savings (1 tCO_2e), and can therefore be utilised for emission offsetting purposes. The owner of 1 carbon credit is entitled to the offsetting of 1 tonne of CO_2e emitted.

Carbon dioxide equivalent (CO_2e): the amount of greenhouse gas emissions can be expressed in carbon dioxide equivalent, too. This value can be calculated multiplying the amount of greenhouse gases emitted by their global warming potential (GWP).

Carbon offsetting: the offsetting of CO_2 (or other equivalent GHG) emissions generated through industrial processes, energy consumption, and other polluting activities by utilising (retiring) carbon credits.

Crediting period: a period during which the project generates verifiable emission reduction credits. Both starting dates and crediting periods are details which are unique to each individual project.

CRU: a Carbon Reduction Unit issued under the CSG Standard.

Environmental effect: an umbrella term for those potentially harmful environmental effects which are initiated by the development of companies, industrial projects, as well as infrastructural programs of significant magnitude.

GHG: greenhouse gas(es), i.e. CO_2, CH_4, N_2O, HFCs, PFCs and SF_6.

GHG project: an activity which reduces, prevents or binds GHG emissions, as compared to baseline values.

Global-warming potential (GWP): a value which quantifies the impact of various greenhouse gases. Carbon dioxide has a GWP of exactly 1, and is the baseline unit to which all other greenhouse gases are compared. For example, the GWP value for methane is 23 over 100 years.

Leakage: GHG emissions due to the displacement of activities, which is caused by the implementation of a project indirectly.

Methodology: a strategy which is based on specific methods, and lays down the regulations to be followed by the project developer in order to estimate the carbon emission reductions which can be achieved by a particular project.

Monitoring: a continuous monitoring and evaluation of all technical parameters (e.g. electricity consumption requirements, temperature levels, operating times, etc.). This includes the development of specific monitoring procedures, the conducting of measurement data collection, the conducting of quality control methodologies, and the methods of evaluating and archiving data. The monitoring process also includes the estimation of the anticipated CO_2 emission reduction or prevention of a project. Furthermore, the global contribution to sustainable development by the project is also documented during the monitoring processes.

Pending Issuance Unit (PIU): a Pending Issuance Unit is a type of credit that represents a contractual right to an anticipated delivery of an emission reduction offset. These units are listed, held, and tracked on the CSG Registry.

Project Design Document (PDD): the business plan of a project. It also systematically describes, in detail, the various standard activities of the project in operation.

Project developer: a natural or legal person responsible for managing a project.

Registration: a process which starts when a project is submitted and ends when the project has been verified by an independent third party.

Renewable energy production: a form of energy production from natural resources (e.g. solar, wind, water, biomass, geothermal energy, etc.) which reproduce consistently and naturally. These energy forms are natural and renewable, and the time scale of their renewal can be measured on a human scale.

Serial number: a unique serial number, subject to strict tracking requirements, that serves to precisely identify the carbon credits which have been issued. Every transaction related to a particular carbon credit can be followed down and tracked in the online CSG Registry, specifically created for this purpose.

Validation: an auditing and approval process regarding project methodology as well as the Project Design Document, which assures that the methodology of a project as well as the Project Design Document are implemented according to calculations based on realistic circumstances. Validation is the responsibility of the Technical Advisory Panel (TAP).

Verification: verifying if the emission reductions specified in the Project Design Document (PDD) are correct (*viz*. auditing the process, the results of the calculations, the accuracy of the monitoring process, etc.).

Verifier: a professional (representing the organisation doing the verification), whose job is to verify and evaluate a program, project, company or individual, according to set compliance criteria.

2. BASIC PRINCIPLES

The basic principles laid down while developing the CSG Standard are as follows:

SUSTAINABILITY

- The project must contribute to sustainable development. Project owners should demonstrate that the project has positive socio-economic impacts, and improves the lives of local people.

COMPLETENESS

- The project should take into account all relevant changes in GHG emissions, as well as carbon sequestration. The project must comply with both domestic and international regulations in force. Project developers are required to declare that their project is fully compliant. The project must also comply with all the requirements under this Standard.

CREDIBILITY

- Both the reduction of greenhouse gas emissions and carbon sequestration must be measurable, and verified by an independent third party during the entire crediting period.

TRANSPARENCY

- Fulfilling the aims of the project as well as the progress made must be monitored continuously, i.e. recorded in regular reports, and verified by an independent third party during the entire crediting period.

DIALOGUE

- Project developers must listen to all parties directly interested, and take their opinions into account during the implementation of the project.
- Project developers must provide project-related information to the parties directly interested, and ensure they have the opportunity to give continuous feedback.

LOCAL SUPPORT

- The CSG Standard aims to support local projects that generate local carbon credits for local people and companies. This has to be taken into account as a fundamental principle in the evaluation of each project.

3. PROJECT REQUIREMENTS

3.1 PROJECT TYPE

The project must belong to one of the climate protection categories listed below:

- Renewable energy;
- Energy-efficiency enhancement;
- Land use;

- Forest protection;
- Afforestation and reforestation.

3.2 PROJECT LOCATION

There is no restriction with respect to project location (country).

3.3 PROJECT SIZE

The CSG Standard does not limit the size of projects.

Projects are classified as follows:

Small CSG project	Large CSG project
Renewable energy project: capacity ≤ 15MW	All projects that exceed the limits of small projects
Energy efficiency project: production ≤ 60GWh$_{el}$ annually, or 180GWh$_{term}$	
Waste disposal and management: ≤ 60,000 tCO_2e annually	
Afforestation/reforestation project: ≤ 8,000 tCO_2e annually	
Agricultural CO_2 emission reduction: ≤ 8,000 tCO_2e annually	

3.4 START DATE OF CREDITING PERIOD

The start date of the crediting period can be any date after the project activity begins, but it can be no more than four years prior to the date when its registration was accepted.

3.5 LENGTH OF CREDITING PERIOD

The entire time span of the crediting period cannot exceed ten years; however, this can be extended if the methodology allows it.

3.6 ENVIRONMENTAL AND SOCIAL REQUIREMENTS

Project activities must contribute to sustainable development both from an environmental and a social point of view, beyond the reduction or prevention of GHG emissions (as per the United Nations Millennium Development Goals). Environmental and social sustainability indicators to be used in various types of projects, as well as the methods of monitoring them, must be defined in the methodology.

3.7 ADDITIONALITY REQUIREMENTS

The project must comply with the requirements of legal and financial additionality. Project developers are responsible for demonstrating that their project is compliant, and the fact must be recorded in the Project Design Document.

In the event that a project does not meet the requirement of financial additionality, the project developer must use at least 70 percent of the proceeds from the sale of credits to finance environmental protection activities. Environmental protection activities are those with the aim to preserve or restore environmental media (i.e. air, groundwater, surface water, soil and biota) through preventing the emission of pollutants or reducing the presence of polluting substances in the environment.

The Verifier is not explicitly required to investigate the projects' financial additionality during the Verification. The CSG Climate Department however, reserves the right to inspect whether the project meets the financial requirements described above through the inspection of bookkeeping records at any time during the Crediting Period either directly or through a commissioned third-party agent. If the Project Developer fails to comply with such requirements the CSG Climate Department reserves the right to withdraw the Issuance of the Units generated by the Project.

4. METHODOLOGICAL REQUIREMENTS

The CSG Standard and the methodology applied determine the rules which have to be followed by a project developer. If no validated methodology exists for a project, the project developer can submit a claim to the CSG Climate Department to develop new methodology.

The methodology must include the following substantive parts:

- Baseline
- Social and environmental requirements clearly defined
- Project emissions
- Leakage
- Monitoring

Furthermore, the items listed above must be incorporated in the methodology in a manner described in the principles of the CSG Standard. The Technical Advisory Panel (TAP) has the right to review and approve methodologies.

5. PROJECT DESIGN DOCUMENT REQUIREMENTS

The PDD must include the following substantive parts:

- Name, purpose and type of project
- Project site, including information needed to identify the specific project location
- A description of the situation as it existed prior to the start date of the project
- Methods of GHG reduction, prevention, and sequestration
- Presentation of project-related products and services
- Project participants, including contact information

- Estimated emission reductions
- Crediting period
- Justification for choosing the preferred methodology
- Identification of the emissions, including individual GHGs, from the project
- Baseline clearly defined
- Proof of compliance with the requirements of additionality
- Data and methods based on which emission reductions are calculated
- Duration of the project, including start date and end date
- Identification of environmental impacts, including indirect ones
- Monitoring Plan
- A statement that the project complies with both domestic and international regulations in force

6. MONITORING REQUIREMENTS

The project developer must establish, as well as maintain during the entire duration of the project, the requirements and procedures for collecting and analysing the facts and information that are both important and relevant to determine the GHG emissions and baseline of the project.

The monitoring process must include the following:

- Purpose of monitoring
- Types of data and information, including unit(s) of measurement
- Source(s) of data
- Monitoring methods (estimation, modelling, measurement or calculation methods)
- Monitoring time and frequency
- Monitoring rights and responsibilities
- GHG registry systems (where and how long the data is stored)

When instrumental measurements are used, the project developer is responsible for ensuring that the instrument(s) is/are properly calibrated.

The project developer is also responsible for running the monitoring procedure periodically, at least once a year, for the entire duration of the project.

Monitoring reports must first be sent to the CSG Climate Department for approval. Once the approval is received, the reports can be verified by an independent third party.

7. VALIDATION

The project has to meet the criteria as set out in the CSG Standard and the project methodology, and the fact must be included in the PDD. It is the responsibility of the CSG Climate Department to conduct a professional review of the PDD but it can only be validated by the TAP.

8. VERIFICATION

After the PDD has been validated by the TAP, it has to be verified by a third party. The selection of verifiers that can be considered as a third party is done by the CSG Climate Department, and they are approved by the Technical Advisory Panel. These verifiers have to meet the previously established ***Criteria regarding verification bodies*** (see Appendix 2).

Once the verification of the project has been completed, the project will automatically be registered in the CSG Registry.

8.1 PROJECT VERIFICATION PROCESS

The first step in the process of project verification is that the CSG Climate Department shall send the Project Design Document and the Registration Form to the accredited Verifier. Based on the information supplied, the Verifier shall examine whether they comply with the requirements of the CSG Standard. During the process of verification, the contact person appointed by the commissioned Verifier shall inform the CSG Climate Department about the progress of the verification process on

an ongoing basis, and shall also communicate deficiencies, if any. In order to ensure this, the Verifier shall send the following information to the CSG Climate Department:

- The availabilities of the contact person of the Verification Team
- A detailed description of the verification process
- Verification tasks and their planned deadlines

In order to ensure a smooth verification process, the CSG Climate Department is obliged to cooperate with the Verification Team, and provide any and all relevant information requested by the team.

9. CREDIT ISSUANCE

Once the verification process has been completed, the project will be registered in the CSG Registry, and from then on credits will be issued as CRUs. The CSG Registry contains all parameters of the credits (see Section 10). If the project owner wants to issue credits from the project before the verification process has been completed, the credits will be issued as Pending Issuance Units (PIUs). Maximum 80% of the expected amount of CRUs may be issued as PIUs. The maximum amount of credits issued may never exceed 25,000 credits/project/consecutive 12 months. If a CSG project reaches this amount, the project has to be removed from the list of available projects under the CSG Standard, and credits shall not be issued for the given period any longer. This shall be monitored by the CSG Climate Department.

10. THE CSG REGISTRY

10.1 OPERATION OF THE CSG REGISTRY

The CSG Registry is operated by the CSG Climate Department.

The Registry must contain the following items:

- Name of the project
- Type of project
- Host country
- Status of the project
- Project developer
- Validator
- Verifier
- Amount of PIUs and CRUs issued
- Date of issuance
- Unique identification of PIUs and CRUs

http://carbonregistry.com/

10.2 ACCOUNT HOLDERS

Both natural and legal persons are allowed to open an account with the CSG Registry, and they can also buy and sell credits.

APPENDICES

Appendix 1

FEES

Transfer fee: a predetermined fixed price, to be paid after every credit is moved in the CSG Registry. The transfer fee will be paid by the person purchasing offsets to Carbon Solutions Global Ltd.

Retirement fee: a predetermined fixed price, to be paid on every credit retirement by the account holder to Carbon Solutions Global Ltd.

Methodology development fee: payable if there is a need to develop a new methodology.

Project registration fee: payable if there is a need to create a new PDD.

Appendix 2

CRITERIA REGARDING VERIFICATION BODIES

1. Basic principles

Impartiality

In all cases, verification shall be conducted on the basis of facts, which shall not be influenced by any other interest or an interest group.

Expertise

Those participating in the verification process shall have the necessary knowledge and experience, as well as the appropriate infrastructure at their disposal to conduct the verification.

Evidence-based approach

The Declaration of Verification shall be based on data provided by the Project Developer to the Verifier in the course of an independent verification process.

Confidentiality

In any event, documents prepared and information gathered during the verification process shall be kept confidential, and shall not be published by the Verifier without the consent of the parties.

1.1 GENERAL REQUIREMENTS

The Verifier shall comply with the principles set out in 2.1, and submit the documents listed in 2.4 to the CSG Climate Department. The Verifier shall be familiar with the system of requirements in the CSG Standard, and have the competencies detailed in 2.3 for each project to be admitted under the CSG Standard.

1.2 VERIFICATION BODY COMPETENCIES

Verification Body competencies

The Verification Body shall be ISO 14065:2013 and ISO 14066:2011 accredited.

Verification Team competencies

The Verification Body shall set up a Verification Team to conduct the verification of a particular project. In setting up the group, the Verifier shall satisfy the requirements of the ISO 14066:2011 standard.

1.3 DOCUMENTS TO BE SUBMITTED BY THE VERIFIER

The Verifier shall submit the following documents to the CSG Climate Department as annexes to the Verifier Accreditation Datasheet:

- Competencies and professional experience (curriculum vitae) of the experts participating in the verification process;

- Documents showing the required ISO 14066:2011 and ISO 14065:2013 accreditations.

2. Verification Body accreditation process

A Verifier wishing to register with CSG shall submit a completed Verification Accreditation Datasheet to the CSG Climate Department, which shall review the documents submitted by the Verifier, and then send them to the Technical Advisory Panel. After its own review, the TAP shall make a decision to approve or reject the Verifier's application.

After the Technical Advisory Panel has approved the Verifier's application, CSG and the Verifier enter into a bilateral contract.

3. Project verification process

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