The Carbon Solutions Global Standard 1.1

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CARBON SOLUTIONS GLOBAL STANDARD

Version 1.1, Effective Date: 17. 07. 2015.

PREFACE

The CSG Standard is a voluntary carbon market standard that describes the principles, procedures and rules related to the issuance of CSG Carbon Reduction Units. These principles, processes and rules are determined and published by the CSG Working Group. The target audience of this standard are the CSG Standard project developers, validators and verification bodies or individuals in the first place.

LIST OF ABBREVIATIONS

CO_2e	carbon dioxide equivalent
CRU	carbon reduction unit
CSG	Carbon Solutions Global
ISO	International Organisation for Standardization
PDD	project design document
GHG	greenhouse gas

1. DEFINITIONS

Account holder: a natural or legal person that holds an account with the 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_2e of GHG emission savings (1 tCO_2e), and can therefore be utilised for GHG emission offsetting purposes. The owner of 1 carbon credit is entitled to the offsetting of 1 tonne of CO_2e GHGs emitted.

Carbon dioxide equivalent: the amount of greenhouse gas emissions expressed in carbon dioxide equivalent. This value is calculated by multiplying the amount of greenhouse gases emitted with their global warming potential.

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.

Carbon Reduction Unit or Unit (CRU): a Carbon credit issued under the CSG Standard.

Climate protection project or **Project:** an activity which reduces, prevents or sequestrates GHG emissions, as compared to baseline values.

Environmental aspect: an environmental aspect is an element or characteristic of an activity, product, or service that interacts or can interact with the environment.

Environmental impact: an environmental impact is a change to the environment that is caused either partly or entirely by one or more environmental aspects.

Greenhouse gas (GHG): CO_2, CH_4, N_2O, HFCs, PFCs and SF_6. For more information see the Fourth Assessment Report of the Intergovernmental Panel on Climate Change[1].

Global-warming potential: a value which quantifies the impact of various greenhouse gases. Carbon dioxide has a global warming potential of 1, and is the baseline unit to which all other greenhouse gases are compared. For more information see the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.

Issuance: the process by which CSG Standard CRUs are created in the Registry by the CSG Climate Department

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

Methodology: a system of methods to estimate the GHG emission reductions which can be achieved by a particular project.

Monitoring: a continuous monitoring and evaluation of all technical parameters. 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 GHG emission reduction or prevention of a project. Furthermore, the contribution to sustainable development by the project is also documented during the monitoring processes.

Project Design Document (PDD): the PDD describes the business and technical plan of a project as well as the applied methodology, the monitoring plan and the environmental and social impacts related to the project activities in detail.

Project Applicant: a project that is in the design phase at all times prior to the Validation.

Project Developer: the legal owner or an authorized representative of the legal owner of a Project that is applying for Registration or already been Registered.

Project Participant: a person or entity that is involved with the development of a Project.

[1] Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, 2007 Solomon, S., D. Qin, M. Manning, Z. Chen, M. Marquis, K.B. Averyt, M. Tignor and H.L. Miller (eds.) Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.

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

Registry: a register evidencing the origination and ownership of Units that may permit trading between accounts in the register, accounts in other registries, or third parties without Registry Accounts.

Registry Account: one or more accounts established in a Registry specified by the Standards Organisation.

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 Registry, specifically created for this purpose.

Validation: an auditing and approval process that assures that the Project and the PDD are consistent with the CSG Standard and the applied Methodology. Validation is the responsibility of the Technical Advisory Panel.

Verification: verifying if the emission reductions specified in the Project Design Document (PDD) are correct (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 developers should demonstrate that the project has positive environmental and 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 monitored, 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 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 and afforestation.

3.2 PROJECT LOCATION AND SIZE

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

3.3 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.

3.4 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.

3.5 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.

3.6 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 Units 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 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 instruments 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 Verifier.

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 Technical Advisory Panel. Upon successful validation the Technical Advisory Panel issues a Project Validation Statement.

8. VERIFICATION

After the PDD and the Monitoring Reports has been validated by the Technical Advisory Panel, it has to be verified by a third party. 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. The selection of verification bodies that can be considered as a third party is done by the CSG Climate Department, and they are approved by the Technical Advisory Panel. Verifiers shall comply with the Verifier Requirements described in Clause 11.2

Once the verification of the project has been completed, the project will automatically be registered in the 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 the project documentation complies with the requirements of the CSG Standard. If the project documentation complies with the requirements, the Verifier shall set up a Verifier Team for the Verification. 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, and the resolution of such deficiencies, if any. The purpose of verification is the examination of the accuracy and compliance of the data and calculation methods included in the PDD or in the Monitoring Report by an independent verifier team and report its findings in a Verification Report. 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;
- list of data and documentation necessary for Verification;
- description of deficiencies found (interim report), if any;
- a final report that includes a summary and evaluation of the project at the end of the verification.

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

9. CREDIT ISSUANCE

Once the verification process has been completed, the project will be registered in the Registry. Upon receiving the Monitoring Verification Report by the CSG Climate Department credits will be issued as CRUs. The Registry contains all parameters of the credits (see Section 10). The maximum amount of Units issued shall not exceed 25, 000 per project per year. If a CSG project reaches this amount, units shall not be issued for the given period any longer. This shall be monitored by the CSG Climate Department.

10. THE REGISTRY

10.1 OPERATION OF THE REGISTRY

The Registry must contain the following items:

- Name of the project
- Type of project
- Country of project
- Status of the project
- Project developer
- Verifier
- Amount of CRUs issued
- Date of issuance
- Unique identification of CRUs

10.2 ACCOUNT HOLDERS

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

11. THE VERIFIER

11.1 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.

11.2 VERIFIER REQUIREMENTS

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 and shall conduct the Verification according to the requirements of ISO-14065:2013.

11.3 VERIFICATION TEAM REQUIREMENTS

The Verifier shall set up a Verification Team to conduct the verification of a particular project. In setting up the group, the Verifier shall ascertain that the verifier team includes members whom have the necessary expertise needed for the verification of a specific project. In the case of a Verifier Team consists of one single member, the single member shall comply with all verifier criteria regarding specific expertise.

11.4 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;
- a copy of the quality management system certification;
- quality management procedure applied during the project verification.

11.5 VERIFIER 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 Technical Advisory Panel 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 may enter into a bilateral contract.