



# The forest carbon offsetting survey 2009

In partnership with:



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## Acknowledgements

This report contains a compilation of survey responses from 141 organisations covering a wide variety of geographies and industry sectors. Specifically, 120 responses were received from a diverse range of organisations and an additional 21 responses were received from carbon companies. We are indebted to all those who took the time to respond to our questionnaire and provide us with information about their market preferences.

This report was also made possible due to the promotion, energy and support of a number of organisations including: Akin Gump Strauss Hauer & Feld LLP, Borealis Offsets, Cleantech.org, GreenBiz, The Karo Group and Westgate.

## About the partners involved in this research

**Four organisations teamed up to leverage a combined network of survey participants and to work together in the interpretation, evaluation and the dissemination of the results.**

### **EcoSecurities**

EcoSecurities ([www.ecosecurities.com](http://www.ecosecurities.com)) has been a global carbon market pioneer since 1997 and is one of the world's leaders in sourcing, developing and trading emission reductions. Carbon forestry has been at the core of the company's history, and EcoSecurities has contributed to important milestones in the field. The company has since expanded its activities to cover a comprehensive range of carbon mitigating technology sectors through a network of offices and representatives in more than 20 countries.

EcoSecurities' carbon offset portfolio is one of the largest in the industry, covering a wide range of recognised emission reduction standards and project types, and EcoSecurities is working with key forestry projects and REDD initiatives throughout the world, combining attractive co-benefits with rigorous carbon accounting. In addition, we provide clients with strategic consultancy services, helping them deal with an increasingly carbon constrained world and integrating forestry and other offsets into their carbon management, maximising value in both emission reductions and CSR benefits.

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### **Conservation International**

Conservation International (CI) is one of the world's leading international conservation NGOs with projects or programs in about forty countries. CI's mission focuses on the linkage between the protection of natural systems and human well-being.

CI's integrated climate change program includes science, policy, communications, and the development of market-based approaches, which includes developing incentives for the protection and restoration of tropical forests to achieve aggressive global greenhouse gas emissions reductions. CI, with its international partners, is one of the leading developers and marketers of multiple-benefit forest

carbon projects in the voluntary market, with a growing portfolio of forest restoration and reduced emissions from deforestation (REDD) projects located in sixteen countries.

### **The Climate, Community & Biodiversity Alliance**

The Climate, Community & Biodiversity Alliance (CCBA) is a partnership between leading companies, NGOs and research institutes seeking to promote integrated solutions to land management around the world. With this goal in mind, the CCBA has developed voluntary standards to help design and identify land management projects that simultaneously minimise climate change, support sustainable development and conserve biodiversity.

The CCB Standards are now widely used by project developers and demanded by buyers in the forest carbon market. As of March, 2009 24 projects have been validated or are undergoing audit and approximately 100 other projects around the world are being designed to meet the standards. These projects include reforestation, restoration, avoided deforestation and degradation, and agroforestry activities. More information about the CCBA and the CCB Standards can be found at [www.climate-standards.org](http://www.climate-standards.org).

### **ClimateBiz**

ClimateBiz is the leading business resource for climate management. ClimateBiz informs CFOs, CIOs, supply-chain, operations and other executives on the key business issues in climate and carbon. The website and its free fortnightly newsletter ClimateBiz News offer news, best practices and resources in such areas as carbon measurement, reduction and trading; renewable energy; and carbon offsets.

ClimateBiz ([www.climatebiz.com](http://www.climatebiz.com)) is a website of Greener World Media, the leading media and information-services company, focusing exclusively on the greening of mainstream business. Greener World Media websites include GreenBiz.com, GreenerBuildings.com, ClimateBiz, GreenerComputing.com, and GreenerDesign.com. Greener World Media also produces the annual State of Green Business report and other research, as well as Greener By Design and other conferences.

## Executive summary

In 2008, many carbon buyers decided to buy forest offsets for the first time. This new market activity follows a growing recognition that forests must be a major part of the solution to climate change and that well designed and well run forest projects can lessen climate change while providing social and environmental benefits that no other offset technology can. This report is an analysis of the motivations and preferences of the early movers in this rapidly growing field.

The report is based on the survey responses of 141 corporate participants in the carbon market during February 2009 who purchased at least 2.7 million carbon credits in 2008, including at least 850,000 offsets from forestry. We believe that these respondents may represent as much as 25% of the demand for voluntary forest carbon offsets in 2008.

Carbon buyers look to invest their money in sustainable offset projects. At a macro-level, organisations are conscious to contribute to a solution for the global problem of climate change, deforestation and depletion of the world's biodiversity. At a granular level buyers are keen to support the sustainable development of communities from which the offsets originate.

Buyers assign high importance to many aspects of a project, including a certification with a credible standard, the experience and credibility of the implementing organisation, the delivery of biodiversity and social co-benefits, price, project type, and location. The enthusiasm for co-benefits was backed by a stated willingness to pay significant price premiums for projects that generate them. There is, however, no single ideal project type. Buyers in different parts of the world assign different importance to these traits. North American buyers are keener on projects that are close to home and are generally more willing to consider innovative ways of financing projects.

In general, we found strong regional differences in general attitudes towards forest carbon. Carbon buyers in North America and the Rest of the World outside of Europe have a more favourable outlook towards forest carbon than buyers in Europe. We believe that among other things this result shows the legacy of the debates which resulted in the exclusion of forestry from the European Union Emissions Trading Scheme (EU ETS) and restrictions under the Kyoto Protocol. So far, North Americans have been quicker than their European counterparts to accept the solutions that carbon standards (such as the Voluntary Carbon Standards (VCS) and the Climate Community and Biodiversity Standards (CCB Standards)) offer to ensure permanence of offsets, guarantee robust monitoring and demonstrate that the projects benefit local communities and ecosystems.

In order to ensure that forest carbon projects come to fruition and deliver emission reductions, many offset buyers are willing to engage in innovatively structured transactions. Some organisations are prepared to make an up-front payment for future delivery of offsets, or to invest in early stages of project development. Many even expressed interest in non-carbon offsets (i.e., for biodiversity conservation and water services) although these interests are much more closely aligned to an organisation's CSR objectives rather than to tradable emission reduction credits.

This report has been published at a time when there is an increasing emphasis on forestry in relation to climate change policy as further discussed in the 'What we set out to achieve' section on page 5. With so much importance placed on the role of forestry it is both appropriate and timely that this study has been conducted.



## What we set out to achieve

This report has been written at a time of increased discussion about the role of forests in climate change policy. Recent decisions in Europe have left the door open for forest carbon to be included in phase III of the European Union Emissions Trading Scheme (EU ETS). In the United States, forests are a likely component of any future federal cap and trade system and at the international level there is a great deal of attention on forest carbon and the role it could play in a new global climate change agreement, which may be determined at the UNFCCC's Conference of Parties (COP15) in Copenhagen at the end of this year. In this report, we set out to get a better understanding of the issues that motivate early buyers of forest carbon offsets and in addition gain a greater insight into the project characteristics that these buyers seek. We hope that this information will help stimulate the supply of high quality forest carbon credits which are attractive in the market, and increase awareness about forest carbon among other potential buyers.

Our focus is on the primary users of carbon offsets. This report is an extension of last year's Carbon Offsetting Trends Survey 2008<sup>1</sup>, however the present study focuses on the forest sector and has been designed to provide a much more detailed understanding of the factors which motivate and / or demotivate corporate buyers to purchase carbon forest offsets.

### The objectives of this report

①

To understand current corporate attitudes towards carbon offsets from forests.

②

To determine the factors that drive purchasing decisions of carbon offsets from forests.

③

To explore corporate expectations towards other products beyond carbon offsetting.

<sup>1</sup> The EcoSecurities Offsetting Trends Survey 2008. Downloadable at: <http://www.ecosecurities.com>

## Capturing the data: methodology

This report was based on data collected from a total of 141 large and multinational organisations. Since our primary objective was to understand the motivations of the end-users of carbon offsets, we split out the 21 responses from carbon companies (analysing these results in isolation), and focused on the responses of the remaining 120 organisations, which included global, multinational and regional corporations.

Survey responses were collected in the following ways:

- Via an online questionnaire posted on [www.greenbiz.com](http://www.greenbiz.com), [www.climatebiz.com](http://www.climatebiz.com), [www.cleantech.org](http://www.cleantech.org), [www.conservation.org](http://www.conservation.org), [www.ecosecurities.com](http://www.ecosecurities.com), [www.2degreesnetwork.com](http://www.2degreesnetwork.com), between 1st February 2009 – 2nd March 2009
- Borealis Offsets, The Climate, Community & Biodiversity Alliance, Conservation International, ClimateBiz and EcoSecurities sent emails to their contacts, seeking to ensure the response sample was geographically and sectorally diverse
- For a number of organisations, EcoSecurities and The Karo Group also followed up with telephone calls and bespoke emails in order to further maximise the survey response rates

For each question, participants were given the opportunity to provide alternative answers or further comment in order to give a more complete picture of their attitudes. All survey specific information was anonymous and for the basis of this report, all responses have been aggregated.

Data presented throughout this report is based purely on information volunteered by marketplace participants. No data was extrapolated, and no quality criteria checks were carried out on respondents prior to questionnaire responses being submitted. However, two responses which were incomplete were removed from the data sample (reducing its size from 143 to 141). The number of respondents who answered each question is clearly marked on each graph. On some graphs, the sum of responses may be more than a 100% due to rounding. This report only summarises our key findings.

## Background on forest carbon in the voluntary markets

### Carbon offsets – the basics

'Offsetting' typically means that companies or individuals neutralise some or all of their own greenhouse gas emissions through purchasing carbon offsets representing greenhouse gas reductions achieved through the deployment of cleaner technology. Offsetting is a key component of the Kyoto Protocol and other approaches to combat dangerous climate change. It is also the main mechanism which underpins all carbon markets including the voluntary market.

In practice carbon offsets are generated as the result of a greenhouse gas emission reduction project. Such projects deliver measurable reductions in emissions through the deployment of a variety of clean technologies, including renewable energy, waste gas to energy and of course, forestry. These projects create emission reductions for example, by displacing more fossil fuel intensive technologies with renewable energy – or by planting trees to capture carbon dioxide from the atmosphere and fix it in their tissue.

Companies that offset their emissions generally do so as a part of a three-pronged approach, which includes:

- Calculating their carbon footprint
- Implementing emissions reduction activities
- Offsetting unavoidable emissions

Offsetting can provide immediate, cost-effective environmental benefits as a company implements an internal emissions reductions programme. Implementing direct emissions reduction activities may require long-term development, significant capital investment, and/or behavioural change, e.g. a company may want to upgrade all of its buildings to become more energy efficient, but it may not have the capital to do so all at once. Offsetting, therefore, provides short-term environmental benefits that some companies seek. More importantly, carbon offsetting is also a way in which companies can effectively neutralise carbon emissions that currently cannot be reduced by internal abatement measures alone.

### ... and how do forestry projects offset greenhouse gases?

Forestry projects were some of the first activities designed to mitigate greenhouse gas (GHG) emissions and generate offsets. In many ways, these pioneering projects helped define the concept of 'carbon offsets' and tree planting is still considered by many as the most 'classical' type of offset project. In 1989, prior to the Kyoto Protocol, US power company AES initiated the first corporate forest carbon offset project. This project supported community woodlots in Guatemala and aimed at reducing deforestation pressures. That and other similar projects helped set the stage for the development of forest carbon offset projects as we know them today.

There are many different ways in which land-based activities like forestry can reduce greenhouse gases and generate carbon offsets. Some examples of the variety of forestry offset projects are detailed below:

#### TREE PLANTING

Trees remove carbon from the atmosphere and store it as wood

- Restoring degraded ecosystems
- Industrial forestry
- Traditional integrated farming systems with local communities

#### PROTECTING AND MANAGING EXISTING FORESTS

Protecting forests from being cut and being burnt avoids releasing carbon emissions into the atmosphere

- Reducing the impact of otherwise destructive logging through improved techniques
- Halting conversion of forests into agricultural landscapes through land-use planning
- Declaration of protected areas, e.g. national parks

### **Nuts and bolts of the voluntary carbon markets**

Voluntary carbon markets are booming and have grown at an exhilarating rate since 2006<sup>2</sup>. Much of the boom has been driven by businesses in the US, where voluntary carbon markets have been one of the preferred options for organisations wishing to reduce their environmental impact. Worldwide, forest carbon offsets represented 18% of the voluntary carbon market in 2007<sup>3</sup>. With the recent change of government in the US and despite the gloomy outlook for global economies as a whole, we expect an even greater interest from policy makers in reducing greenhouse gas emissions and carbon offsetting projects. In regional trading schemes (e.g., CCAR, RGGI) forestry is already a popular option and there are signals that forestry and land-use projects will rank high on the agenda as the Obama administration continues to define its climate change strategy.

Despite already having a regulatory commitment to combat climate change (across certain heavy emitting sectors) under the EU ETS, the voluntary carbon market is also growing in Europe. Many European companies, in particular those with a large customer base are investing in energy efficiency measures to reduce their carbon footprints and are adopting better sustainability practices across their businesses as a whole. Additionally, in Europe and the emerging economies around the world, there is an increasing trend for individuals to offset their flight emissions or selectively choose products and companies with greener credentials, such as those with comprehensive carbon management strategies.

Last year's *EcoSecurities' Offsetting Trends Survey 2008*<sup>4</sup> explored for the first time how businesses are approaching, shaping and making use of voluntary markets. It complemented earlier studies that have looked at activity in voluntary markets, notably the invaluable reports created by the Ecosystem Marketplace and New Carbon Finance<sup>5</sup>. Those reports detail the activity occurring in the production and retail spheres of the carbon markets on a macro-level.

The *Forest Carbon Offsetting Survey 2009* examines in much more detail actual market preferences and purchasing behaviour of organisational buyers. This study gives offset providers and business leaders alike a view of trends in the voluntary carbon markets for forestry offsets.

### **Why get involved?**

The Voluntary Carbon Market has been around for many years in different forms. Long before countries agreed to reduce emissions under the Kyoto Protocol, some companies wanted to make voluntary commitments to reduce their impact on the environment. And although the Kyoto carbon market has emerged as a great success, the voluntary carbon market is also flourishing. Many companies active in the voluntary carbon market self-impose carbon reduction targets and also purchase offsets as part of their carbon management strategy. There are many different reasons that companies take on voluntary reduction targets, some of which are as follows:

<sup>2</sup> State of the Voluntary Carbon Markets. Ecosystem Marketplace and New Carbon Finance 2008.

<sup>3</sup> State of the Voluntary Carbon Markets. Ecosystem Marketplace and New Carbon Finance 2008.

<sup>4</sup> The EcoSecurities Offsetting Trends Survey 2008. Downloadable at: <http://www.ecosecurities.com>

<sup>5</sup> The EcoSecurities Offsetting Trends Survey 2008. Downloadable at: <http://www.ecosecurities.com>



## Background on forest carbon in the voluntary markets – continued

### TO SAVE MONEY AND REDUCE OPERATING COSTS

By voluntarily calculating and assigning a cost to carbon emissions, companies begin to prepare for the inevitability of an economy in which greenhouse gases are regulated or taxed. This is an important step towards managing carbon emissions efficiently and identifying potential for reductions and cost savings.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Carbon management and offsetting is often a complementary aspect of a wider CSR strategy, especially if the projects which are invested in reflect the locations of company operations and give something back to the surrounding communities.

### PREPARING FOR COMPLIANCE

Acting in the voluntary markets can be an opportunity to learn about offset procurement before coming under a compliance regime.

### GREEN MARKETING

Developing carbon neutral products or services can help companies to reach new customers who increasingly care about the environmental impact of products and services that they buy. Going carbon neutral can send a powerful message to consumers, competitors and the public that companies share their concern over climate change.

### REPUTATIONAL AND COMMERCIAL RISK

More and more, companies that do not act with regards to climate change are publicly criticised. For some companies, it is too much of a risk not to be taking steps to address climate change.

## Are trees special? – Why they are special in the carbon market

As an option to mitigate dangerous climate change and greenhouse gases, forestry activities receive a great deal of attention. In some contexts forests have a limited role, for instance, the EU ETS has restrictive rules for forestry offsets as does the Kyoto Protocol and its Clean Development Mechanism. In other contexts forests and land use are considered sectors where urgent action is needed. Forests play a significant role in the regional and proposed national climate legislation in the USA. The Prince of Wales' Rainforest Project recognises the "global role played by forests in mitigating climate change"<sup>6</sup>, McKinsey's authoritative report<sup>7</sup> and the Stern Review<sup>8</sup> customarily note the effectiveness of the forestry sector as an abatement option.

In the voluntary carbon market, the forest sector is seen as having the potential to achieve broad sustainable development benefits that go beyond emission abatement measures alone. Restoring, protecting and conserving forests can improve livelihoods through employment and the continued supply of products and services that forests provide. Projects that shield forests from degradation and destruction also protect the species and their habitats within them, generating great benefits to local and global biodiversity. Reforestation projects often involve degraded lands and abandoned fallows that are brought back into a productive landscape. Tree plantations and forest protection activities can create a long-term boost to the local economy, providing a source of jobs and income to local people.

<sup>6</sup> The Prince's Rainforest Project. <http://www.princesrainforestsproject.org/>

<sup>7</sup> Pathways to a Low Carbon Economy. McKinsey & Co., 2009

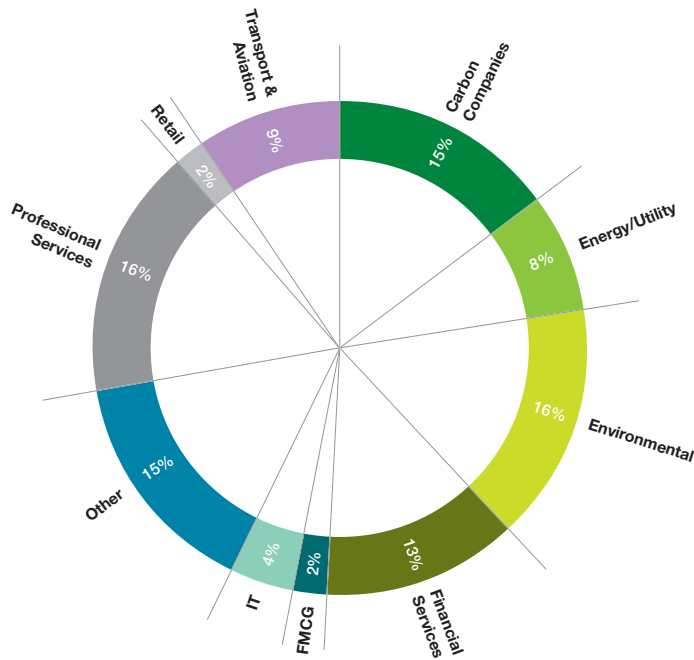
<sup>8</sup> The EcoSecurities Offsetting Trends Survey 2008. Downloadable at: <http://www.ecosecurities.com>

## Who are our respondents?

Our survey collected 141 usable responses. Just under half of respondents operate in financial services, professional services, transport and aviation, energy/utilities and IT. In data collection terms this is helpful because these represent the most active sectors when it comes to voluntary investment in emission reduction projects. Companies in these sectors purchase offsets to balance their own emissions or to offer carbon neutral products and services to their customers.

### Response by sector

Key  
Total sample = 141

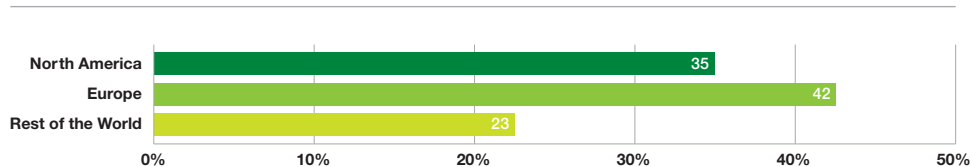


We received 21 responses from specialised carbon companies. We treated these responses separately in order to focus primarily on perspectives from primary buyers, rather than from carbon-market intermediaries. Unless stated otherwise, the data represented in this report are therefore the responses from primary buyers only.

Responses came from a diverse range of organisational sizes, from global, to multinational, to regional, to organisations solely based in one country. The majority of participants represented companies with headquarters based in Europe or North America, approximately a quarter of the responses are headquartered elsewhere in the world (for simplicity we have named this group 'Rest of the World'). A decision was taken not to split out the Australasia data at this point as there were too few responses; however this is a growing area and it was recognised that there would be further interest from this region over time.

## Who are our respondents? – continued

### Location of company headquarters

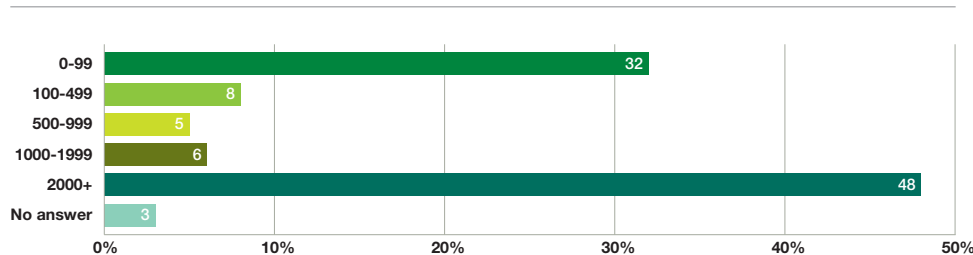


Key

Total sample = 120

Many of the survey participants represent very large companies with more than 2000 employees (48% of replies), but a large number (32%) also come from companies with fewer than 100 employees. Due to the greater abundance of smaller companies in most markets we had expected a high number of responses from small to medium-sized companies. The high proportion of responses from large companies may be due to the distribution channels used by EcoSecurities and partners, as discussed in the methodology, but such large organisations might also face a greater necessity to participate in CSR-related activities and report on their environmental impact.

### Size of organisation



Key

Total sample = 120

## ... and how they perceive forest carbon

When asked about their general attitude towards carbon offsets from forestry projects respondents showed generally positive perceptions:

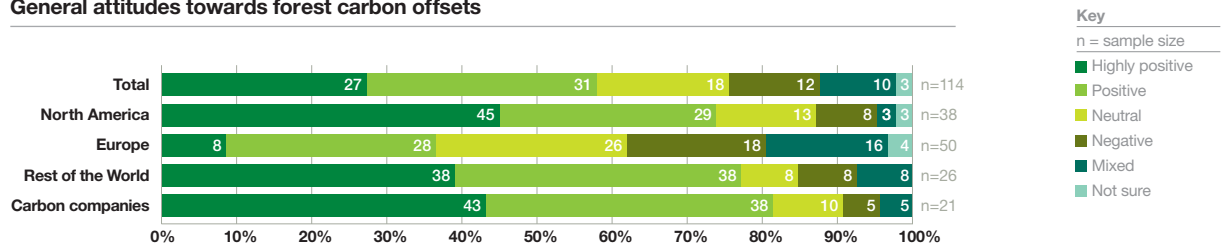
- More than half of the respondents represent companies with a positive general attitude towards forest carbon offset projects (58% positive or highly positive)
- Very few respondents represent companies with a negative general attitude towards forest carbon offsets (12%)

It is interesting to compare these very encouraging results against one of the conclusions from last year's EcoSecurities' Offsetting Trends Survey 2008<sup>9</sup>. In that survey, when asked a similar question, responses had revealed a 'love-it-or-hate-it' perception of forestry. These extreme views cannot be reconfirmed here. It should be noted that participants in this survey were likely to self-select for a positive outlook towards forest carbon, but we believe that this is representative of broader acceptance worldwide.

<sup>9</sup> The EcoSecurities Offsetting Trends Survey 2008. Downloadable at: <http://www.ecosecurities.com>

## Who are our respondents? – continued

### General attitudes towards forest carbon offsets



These new results show a marked difference in attitudes towards forest carbon depending on the region where respondents are based. The attitude toward forestry projects is far more positive in North America and the Rest of the World (74% and 76%, respectively, have positive and very positive views) than it is in Europe (36% have positive and very positive views), where there are also many more buyers with mixed perceptions (16%).

Regarding the reservations and mixed views among some European buyers towards forestry, there are a number of possible reasons for this result. For one, carbon forestry has historically had little support from European NGOs and was excluded from the EU ETS. We evaluated the free text fields at the end of our questionnaire in this matter and we found out that concerns around non-permanence of achieved GHG reductions in forestry projects are still the most common caveat against forestry offsets (together with concerns around additionality and regulatory uncertainty). While in principle this concern is of course valid, under recently developed carbon standards particularly the voluntary carbon standard, the issue has largely been addressed through innovative buffering solutions that provide insurance against the reversal risk.

In terms of positive attitudes, the North American participants and Rest of the World are highly supportive of forestry projects. Many companies in the US see the ability to create domestic offset projects in the forest sector, and land use projects in particular seem an interesting option. Along the same lines, high-ranking officials, including the governor of California have shown very public support of forestry projects in the fight against climate change, which among other things has led to an agreement between various US regions and several international states and provinces in November 2008 which focus on the following key points<sup>10</sup>:

- Focus on reducing greenhouse gas emissions from deforestation and land degradation while promoting sequestration of additional carbon through restoration and reforestation and improved forest management practices
- Jointly develop rules to ensure that forest-sector emission reductions and sequestration could pass the criteria outlined in California's AB 32 Scoping Plan and potentially play a role in the Western Climate Initiative effort
- Develop a Joint Action Plan by early 2009 to clearly outline progress. This progress will be discussed at the 2009 United Nations Framework Convention on Climate Change Conference in Copenhagen, Denmark

<sup>10</sup> The Office of the Governor of California 2008, Press release: Gov. Schwarzenegger Partners with Other States to Reduce Greenhouse Gas Emissions from Deforestation. Downloadable at <http://gov.ca.gov/press-release/11101/>

Who are our respondents? – continued

... and what they do already

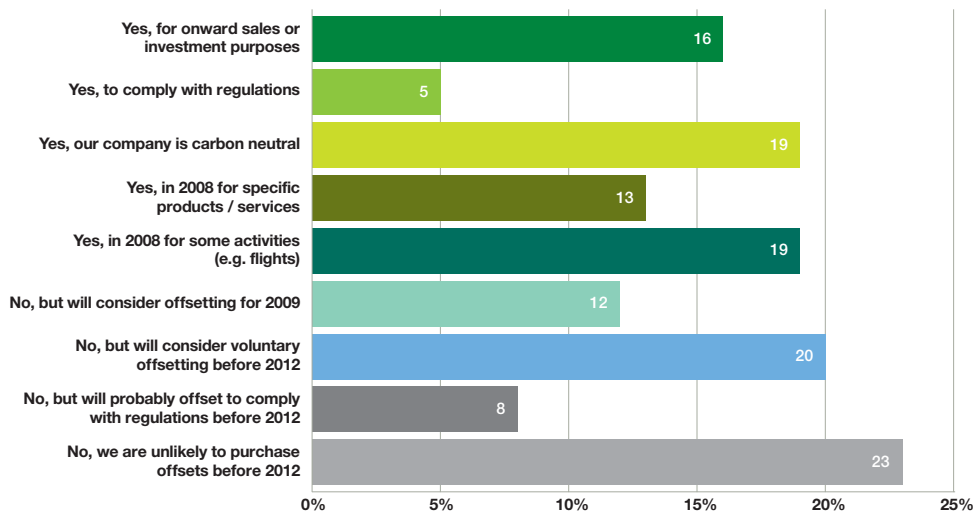
Three important reasons for engaging in carbon offsetting are:

- The compliance carbon market – a regulatory obligation to reduce emissions
- The voluntary carbon market for reasons of first mover advantage, CSR policy, marketing opportunities and to compliment carbon neutral product/service offerings
- The pre-compliance markets in order to prepare for impending emissions legislation (see page 8 ‘Why get involved?’)

When organisations were asked about their motivation for engaging in carbon offsetting, it became clear that survey respondents represented all types of offset buyers. 23% of respondents claimed it was unlikely that they would purchase offsets before 2012, however the remaining participants responded as follows:

- 5% of respondents currently purchase offsets to comply with regulation; an additional 8% haven’t yet purchased offsets but believe they fall under a compliance regime and will therefore need to purchase offsets before 2012
- A larger amount of respondents have purchased offsets on the voluntary carbon market to achieve carbon neutrality for certain products and services or to balance certain emission releasing activities (19%, 13%, and 19% respectively)

Does your company purchase carbon offsets?



**Key**  
 Total sample = 111  
 N.B. Multiple responses allowed

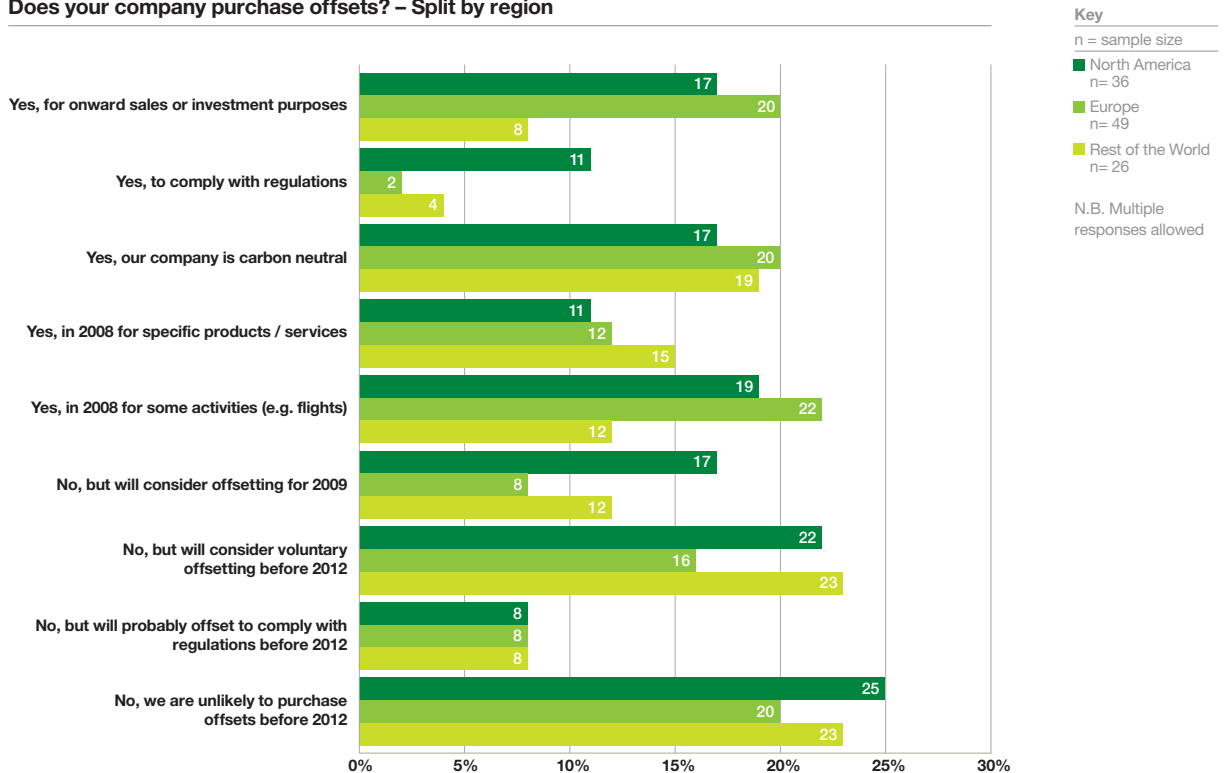
Overall, we see North America and Europe closely aligned in terms of motive and attitude towards buying emission reduction credits. For instance if comparing North American companies versus European companies a similar number claim to purchase offsets for carbon neutrality reasons (17% and 20%, respectively), offset for specific products/services (11% and 12%, respectively) and offset against some activities (19% and 22%, respectively).



## Who are our respondents? – continued

We find it strongly encouraging that the interest in offsetting among respondents from the Rest of the World follows similar trends as in North America and in Europe. For instance, a large number purchased offsets for carbon neutrality or specific products in 2008 (19% and 15%, respectively). This result is interesting, particularly in the lead up to the COP 15 to the UNFCCC and the Kyoto Protocol in Copenhagen, where it is hoped an international agreement can be established with binding emission caps to succeed the Kyoto Protocol. It is important nonetheless to stress that the invitation to participate in this research is more likely to have been taken up by organisations with some interest in climate change already.

### Does your company purchase offsets? – Split by region



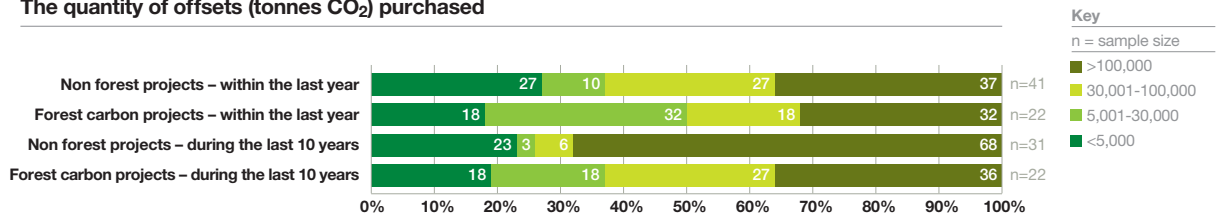
In order to gauge the quantity of offsets purchased, we asked participants about the size of the transactions in which they were involved within the last year and during the last 10 years. The size of purchases for emission reduction offsets is commonly measured in terms of tonnes of carbon dioxide equivalent (1 VER = 1 carbon offset = 1 tonne CO<sub>2</sub>e ≈ ¼ tonne C).

Who are our respondents? – continued

The data shows that:

- Respondents had most frequently purchased offsets from forestry projects during the last year in either small or very large volumes. About half purchased fewer than 30,000 tonnes and 32% purchased more than 100,000 tonnes). The remaining were medium-size purchases (only 18% purchased between 30,000 and 100,000 offsets)
- Many buyers of forestry offsets are buying for the first time. This is implied by very similar purchase figures for last year and the last 10 years

**The quantity of offsets (tonnes CO<sub>2</sub>) purchased**



The relatively large number of small deals may partly mirror an interest in small-scale community reforestation initiatives, such as those supported by the Plan Vivo System. On the other hand, the high number of large deals would reflect the expectations that forestry projects tend to encourage a larger investment because projects implemented on a large scale require a relatively significant amount of upfront funding.

The total number of forest carbon offsets bought by respondents in the last year was at least 855,000 tonnes and is likely to be much greater, since the maximum volume bracket in the survey had no upper limit. The overall voluntary markets traded 42.1 million carbon offsets in 2007, of which about 7.6 million offsets came from forestry<sup>11</sup>. (At the time of writing this report Ecosystem Marketplace had not yet published its 2008 voluntary market estimates.). It is also important to note that Ecosystem Marketplace’s survey may count carbon offsets multiple times as they move through the supply chain (e.g. project developer to broker to final end user). This particular survey, in turn, deals only with final buyers, therefore we believe that our survey could represent as much as 25% of the demand for voluntary forestry offsets in 2008.

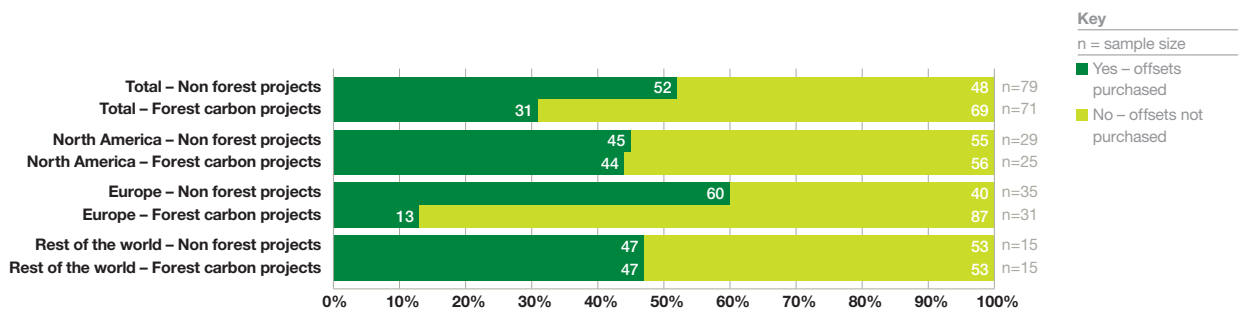
<sup>11</sup> State of the Voluntary Carbon Markets. Ecosystem Marketplace and New Carbon Finance 2008 – which estimates 2007 voluntary carbon market volumes

## Who are our respondents? – continued

Curiously, the data shows that most of the forestry offset buyers are new to the market, and in fact, that investment in forestry has surged in 2008. This is implied by the fact that the cumulative volumes of forestry offsets purchased in the last 10 years are similar to the volumes bought in 2008 alone. As explained more fully in the 'Perks of forestry' section below, we attribute the rising interest in forestry to the international community's desire to find a robust and viable way to include forestry offsets within the carbon market.

Responses notably suggest a gap in attitudes towards forestry projects between Europe and other countries. In Europe, the fraction of buyers that bought forestry offsets during the last year is much smaller than the fraction of buyers that during the last year bought non-forestry offsets (13% vs. 60%). Both in North America and in the Rest of the World buyers were equally likely to buy offsets from forestry and from non-forestry projects (45% vs. 44%, and 47% vs. 47%, respectively).

### Carbon offsets purchased from non forest and forest carbon projects – within the last year



## Perks of forestry

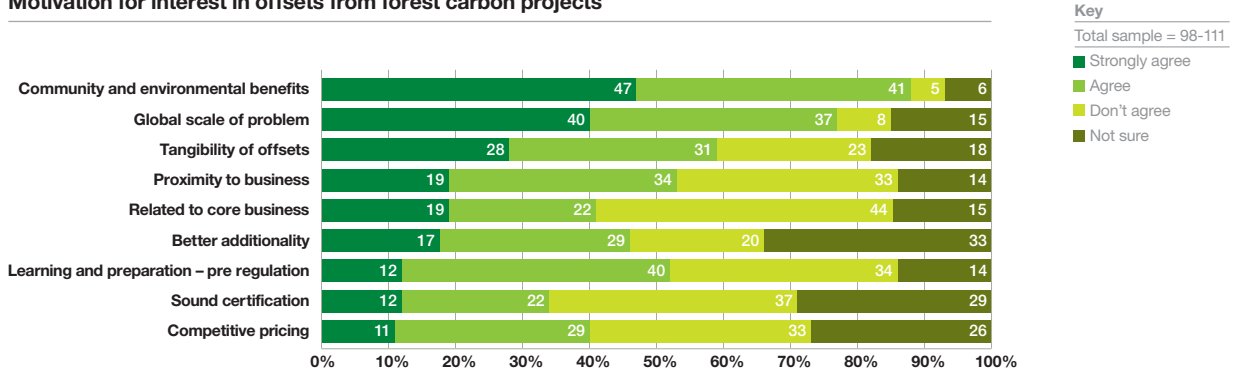
Participants indicated three main motivators for purchasing forestry offsets:

- Community and environmental benefits generated from forestry projects scored the highest when participants rated motivational factors for purchasing offsets (88% agree or strongly agree)
- The scale of the deforestation and climate change problem (77% agree or strongly agree)
- The tangibility of the offsets with carbon stored in the biomass of trees (59% agree or strongly agree)

Whilst there is great importance attributed to these factors, it does not mean that those would be the only motivations to create interest in forestry offsets. It does, however, show companies believe that forestry truly achieves co-benefits and that it genuinely tackles an environmental problem of a global scale. A similar conclusion could also be drawn from analysing the respondents' replies when asked about their perception of the value of a certification under the CCB Standard (see section 'Paying for co-benefits' on page 25).

Perks of forestry – continued

Motivation for interest in offsets from forest carbon projects



The recognition that forestry can contribute to reducing the problem of climate change and deforestation is very apparent from the results received in this survey (77% of respondents agree or strongly agree). Along the same lines, the discussions at UNFCCC COP 13 in Bali have, although inconclusive, reiterated the positive contribution that forests can make in climate change mitigation. The benefits forestry can contribute to reducing the problem have also been recognised by experts within this sector, for example the Stern Review<sup>12</sup>.

Unsurprisingly, the regional trends are different regarding the interest in exploring forestry as a learning and preparation exercise for upcoming regulation. While in the North America sample this was one of the three prevalent drivers of interest in forestry (78% agreed or strongly agreed), the respondents from the Europe sample showed very little interest in using the voluntary market as a learning experience on forestry (only 34% agreed). This would indicate there is less expectation for an important role for forestry in the context of a future regulatory market in Europe than there is in North America.

<sup>12</sup> The Stern Review 2006: The Economics of Climate Change

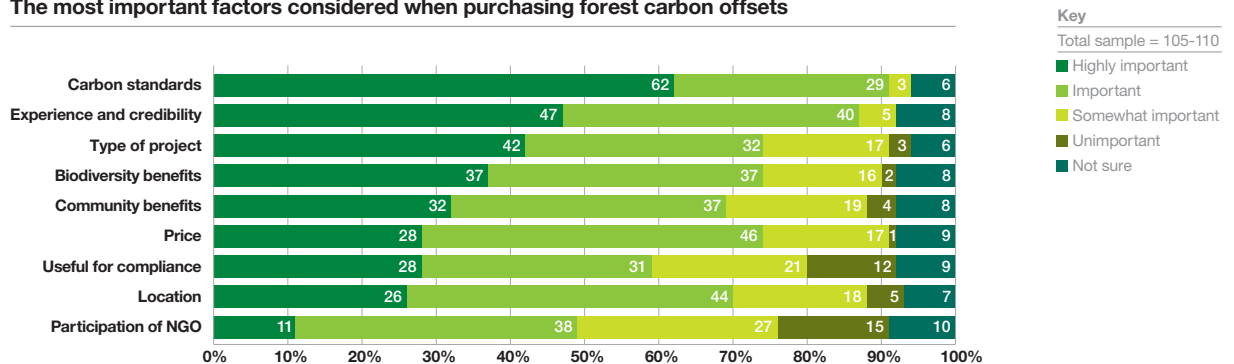
## What buyers want

Decisions on purchasing forestry credits are a carefully thought out process. When exploring the range of factors companies considered important when purchasing forest carbon offsets, we discovered a strong requirement for credits that meet a wide range of criteria. More importance was clearly attributed to some factors rather than others, but even the factor deemed least influential overall on purchasing decisions was still categorised as important or highly important by almost half of the respondents (49%).

There are three factors that stand out as most important in the purchasing decisions:

- The type of carbon standard(s) was considered important or highly important by a vast majority (91%), please see section ‘Standards’ on page 19 for further analysis
- Of almost equal importance is the experience and credibility of the project developer (87% rating as important or highly important)
- The type of the project, price, and potential for generating biodiversity benefits were all equally important (74% rating as important or highly important)

### The most important factors considered when purchasing forest carbon offsets



The factor attributed most importance in purchasing considerations was the carbon standard (91% of respondents found the standard important or highly important). These numbers and the results from the ‘Standards’ section on page 19 suggest that credibility of the emissions reductions is paramount. This is not surprising since those who purchase forestry offsets as part of a CSR initiative have a strong onus to prove that the offsets are robust and stand up to independent scrutiny.

Ranked second in terms of importance for potential purchasers of forestry credits is the experience and credibility of the project developer (87%). This complements the importance attributed to the standard and lends more credence to the theory that buyers are sensitive to the unregulated nature of the voluntary carbon market, and are aware of the criticisms that have been levelled at a small number of unscrupulous developers who have attempted to profit through the sale of non-additional offsets.



## What buyers want – continued

A great majority of buyers rated the potential of projects to deliver biodiversity and community benefits important or very important (74% and 69%, respectively), which is a result that is reconfirmed in the pricing premiums buyers are willing to pay for CCB certified credits (see section ‘Paying for co-benefits’ on page 25). It is surprising to see that these co-benefits were ranked as equally important as more fundamental factors such as the location of the project activity and pricing (70% and 74%, respectively).

### Standards

Robust carbon standards create buyer confidence by demonstrating that emissions reductions from forestry activities are legitimate, additional and permanent. The carbon market is characterised by a multitude of different standards and we sought to understand buyer’s perceptions of eight different carbon offsetting standards which are applicable to forestry projects.

The responses show that:

- The CDM and VCS stand out as the only carbon standards which are well known to a large majority of respondents (around 80% of respondents)
- A significant number of participants responded with ‘don’t know enough about this standard’ for the other carbon standards (between 40%-60%)
- The CDM and VCS were also the only standards that more than half of respondents considered desirable or highly desirable (60% and 64% respectively), although this is not due to negative perceptions of other standards but rather of a lack of knowledge

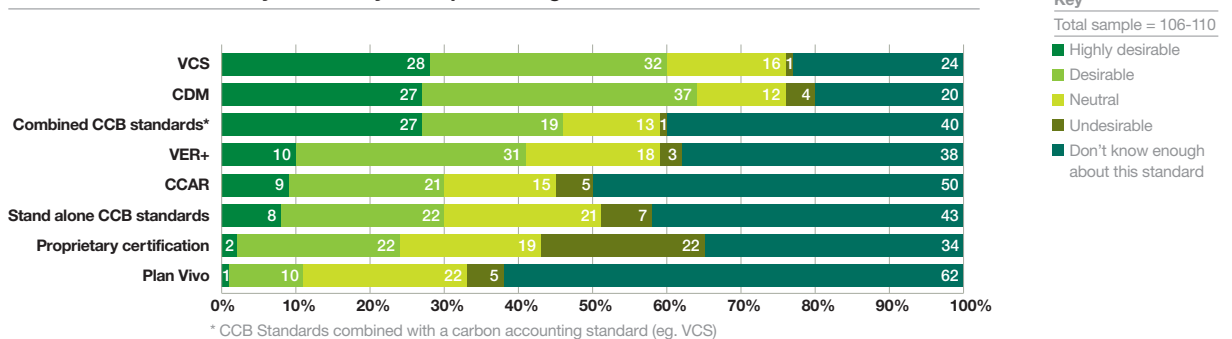
The only type of certification that was rated undesirable by a large number of respondents (22%) was proprietary certification, which demonstrates how much buyers value a widely accepted carbon standard above ad-hoc solutions. The carbon standard preferred by the smallest number of buyers was Plan Vivo (11 %) although this could be attributed to a limited understanding of this standard (62% were not familiar).

One counter-intuitive result is that certification under both the CCB Standard and another recognised carbon standard (VCS or CDM) was rated as somewhat less desirable by carbon buyers than a certification under the other recognised carbon standard alone (46% vs. 60%). This contradicts the stated willingness of many buyers to pay a price premium for this combination (see section ‘How to get the best deal’ on page 24) and may be due to a lack of knowledge about the CCB Standards and the possibility and added value of combining them with other carbon standards. Interestingly, in responses from carbon companies, which were analysed separately, it was precisely this combination of a CCB Standard with another recognised carbon standard that scored the highest (85% desirable or highly desirable).

## What buyers want – continued

In terms of the carbon standards the North American carbon market might be less consolidated than the European market. Respondents from North America found not only the VCS and the CDM widely acceptable (74% and 56%) but also CCAR and the combined CCB Standard (56% and 55%). In Europe, only the CDM and VCS were rated as desirable by more than half of respondents, this may be due to the fact a number of the standards listed originated in the US and as a result could be more popular in this market.

### Carbon standards rated by desirability when purchasing forest carbon credits



### Project types

In assessing which types of forestry project are most attractive to the various buyers who responded, the results revealed a very clear ranking between different project types:

- Avoided deforestation and ecological reforestation received overwhelmingly positive responses. About 90% of respondents consider these to be highly desirable or desirable
- Other environmentally or socially beneficial activities like agroforestry and peatland conservation were also highly regarded, with 81% and 75% finding these desirable or highly desirable, respectively
- Commercial tree planting is of much less interest with only about 40% finding this desirable or highly desirable

These responses are very encouraging for the forest carbon sector as a whole and confirmed a generally positive attitude towards forestry observed in section '...and how they perceive forest carbon' on page 11. At least two thirds and up to 90% of responses for all project categories except commercial plantations were clearly positive. Very few gave negative responses (5% for avoided deforestation to around 20% for agricultural land management and improved logging). As a whole, North American buyers were more positive towards virtually all project types than buyers from Europe. This was especially true for agroforestry (92% vs. 72%) and reduced impact logging (75% vs. 57%) but even more clearly for commercial plantations (52% vs. 29%).

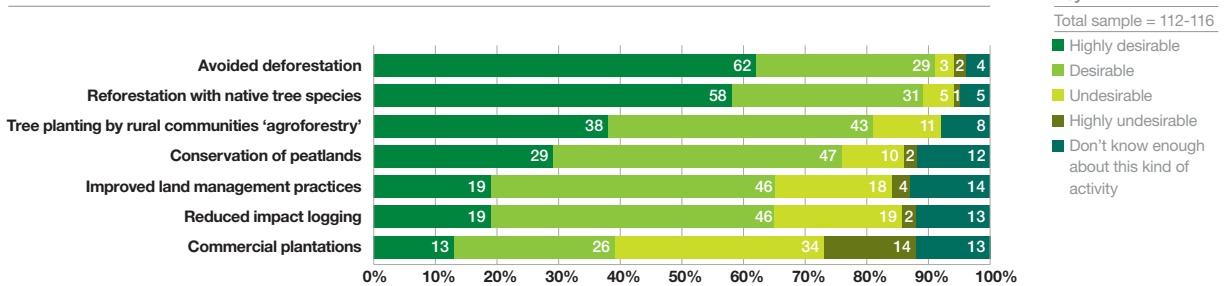
Furthermore, it was interesting that peatland conservation, a project type that is not very widely discussed in the mainstream media, met with clearly positive views (65% positive). This project type has the potential to yield very large amounts of low-cost credits because of the vast amounts of below-ground carbon accumulated in some tropical peatlands, notably in Indonesia, making this activity potentially very effective for offsetting.

What buyers want – continued

Commercial tree planting received 48% outright negative responses, which indicates that large-scale plantations of non-native species are likely to struggle in voluntary carbon markets with CSR-motivated corporate buyers.

However, this largely less than positive result may have been influenced by a biased perception of such plantations as giving limited consideration to environmental and social impacts, rather than representing sustainably managed and long-term commercially viable forestry ventures.

Forest carbon projects rated for the desirability of the carbon results



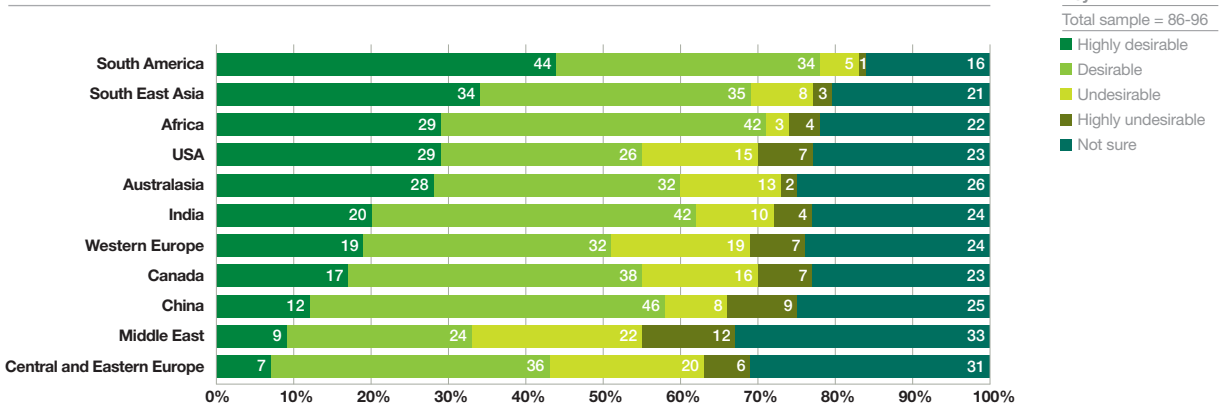
Location

Although the location of forest carbon projects does not greatly affect the impact for reducing emissions on a global basis, surveyed participants showed their preference for certain regions to source forest carbon credits. Most of the respondents found offsets from tropical developing countries most attractive:

- Offsets from South America were considered attractive or highly attractive by almost four in five participants (78%)
- More than two thirds of participants responded positively to African and South-East Asian offsets (71% and 69%, respectively)

More than half of the participants also considered forestry offsets from India and China attractive (62% and 58%, respectively). The least preferred geographical region was the Middle East (33%), perhaps due to a perceived limited potential for forestry projects.

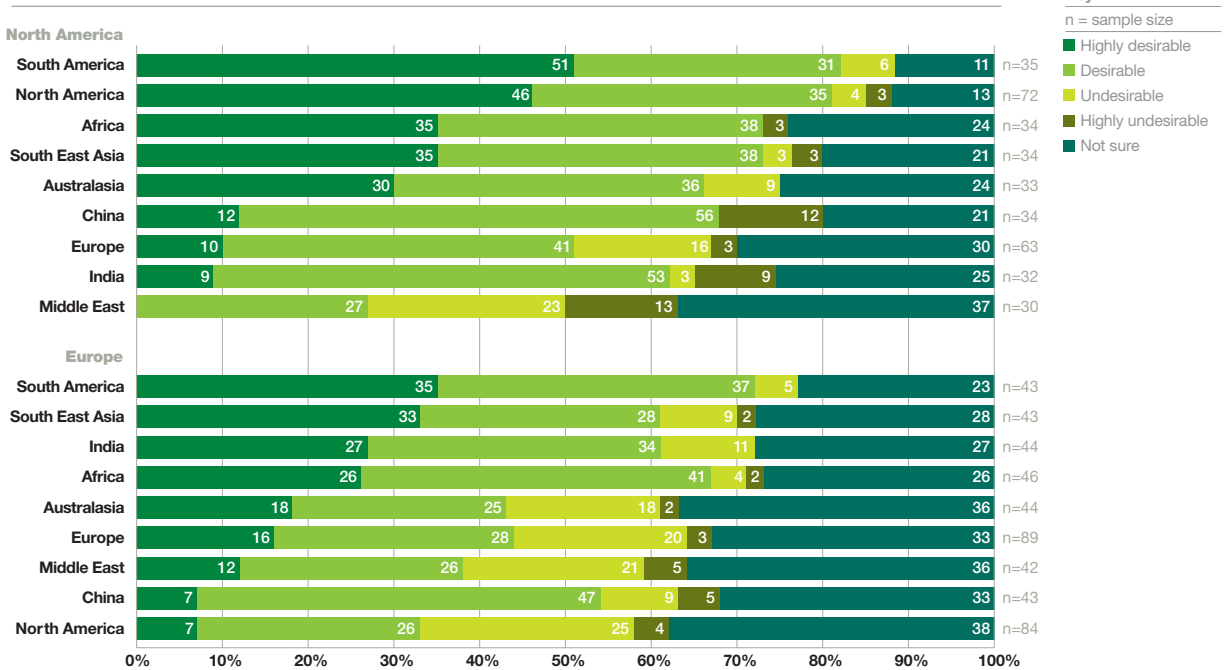
Geographical regions rated by the desirability of purchasing forest carbon credits from that location



## What buyers want – continued

One feature influencing the regional preferences was the location of the respondents themselves. In particular, respondents from North America showed a strong preference for purchasing carbon credits from domestic forestry projects (46% rated them as highly desirable). Interestingly, respondents from Europe did not prefer European forestry offsets over offsets from other regions (only 16% rated them as highly desirable).

### Geographical regions rated by the desirability – split into North America and Europe



What buyers want – continued

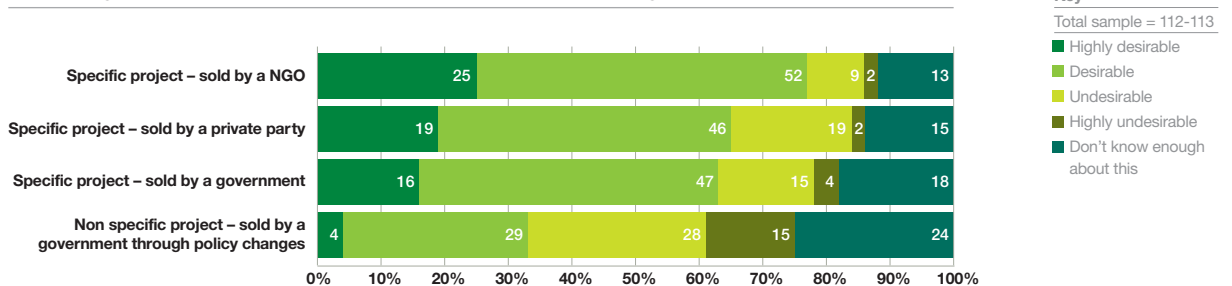
**Different types of sellers**

How a credit is created and who sells it are important to buyers. Respondents indicated a strong preference for offsets from specific projects, not credits that are created by changes in government policy. The issue of government generated credits is relevant to some policy proposals in which a government could, for example, create and sell credits by reducing country-wide deforestation.

- About two-thirds of the survey responses showed a clear preference for offsets associated with specific projects (varying depending on seller from 63% to 77%)
- Non-project specific credits sold by a government through policy changes were only considered acceptable by a third of respondents (33%)

It was interesting to observe that respondents from North America preferred buying carbon credits from a private sector participant over buying from a government (82% vs. 57%), whereas Europeans answered the other way round (46% vs. 59%). Buying from an NGO was equally attractive regardless of the origin of the company (82% and 73% respectively).

**The willingness to purchase forest carbon credits by the following approaches**





## How to get the best deal

### Pricing

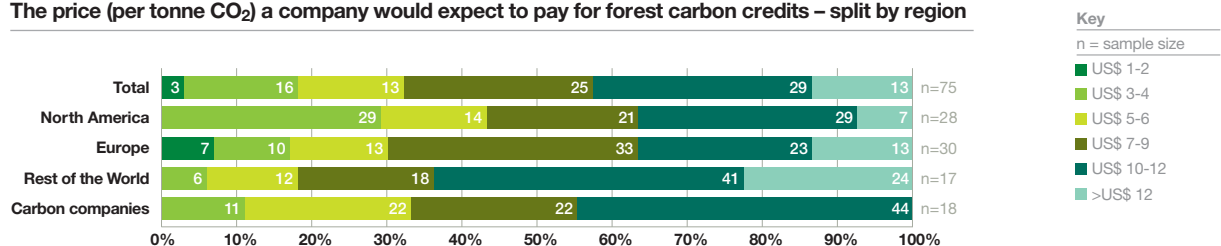
Reliable information on pricing for voluntary offsets is notoriously difficult to obtain. In EcoSecurities' last offsetting research report<sup>13</sup> we only received responses on pricing from 37% of participants. For this survey the percentage was higher with 69% prepared to indicate a price band.

As we had expected, based on historic pricing benchmarks, prices were spread relatively evenly from US\$3-4 up to prices in excess of US\$12. The pricing differences reflect various factors:

- A broad range of different projects
- The different deal structures and sizes where prices are often higher in smaller transactions
- The different value that a project will have for different organisations. The individual value depends upon the additional community benefits and biodiversity benefits a project creates. These philanthropic benefits may be valued higher than the cost of carbon abatement within the project

The median price expectation among all respondents fell roughly in the centre of the US\$7-9 bracket, which is consistent with current market prices for voluntary offsets. For respondents from North America and Europe expectations were slightly lower, but participants from the Rest of the World had higher expectations with median price in the US\$10-12 range.

**The price (per tonne CO<sub>2</sub>) a company would expect to pay for forest carbon credits – split by region**



It was interesting to compare price expectations of carbon companies against those of the primary buyers who are their clients. The median expected price from the sample of carbon companies is at the upper end of the US\$7-9 bracket, which is consistent with prices that primary buyers expect to pay. At the lower end, only a small number of carbon companies expect offset prices of US\$4 and below (11%), whereas there are more corporate buyers that expect to purchase offsets this cheap (19%). No carbon companies expected offset prices of more than US\$10, whereas there were quite a few primary buyers prepared to spend more than US\$10 for the right project (13%).

<sup>13</sup> The EcoSecurities Offsetting Trends Survey 2008. Downloadable at: <http://www.ecosecurities.com>

## How to get the best deal – continued

### How does a voluntary buyer value an offset?

Price setting for voluntary offsets has always been confusing and pricing information is hard to come by. Whilst a fluid market exists the offsets are not fully commoditised and thus the value of the projects is both objective and subjective. You can aggregate objective criteria such as accreditation, methodology, country location and vintage in order to establish some indicative guide price bands in the secondary market. However, there is also a subjective element to a value assessment of a project. Consequently a company may place higher value on a project that specifically addresses the objectives of its emission reduction and CSR programme. An offset buyer will also value the credibility and reputation of the developer or seller of a project but it is hard to quantify the value of working with a well trusted and reliable project developer.

Thus the value of an offset is made up of two components:

- There is the commoditised objective view based on the historic market price for similar projects. For example you might say offsets bought wholesale from project type X had an ex post average price of Y during 2008 on the basis of anecdotal market participation
- Then there is the additional value that each buyer will accord to a project for its specific attributes. Attributes that are sought after and increase the value of a project concern the benefits that the project brings to its locality and the specific relevance of the project to the company buying emission reduction credits. For example, small-scale community enhancement projects that materially affect the lives of the community around the project will have a fairly high cost per tonne to develop. Those projects may, however, appeal to a purchaser's overall objectives and thus the company will value the offsets higher and pay more

Forestry projects are likely to differ substantially in scale, methodology, location and impact on the community. Furthermore, biodiversity issues and understanding of forestry project methodologies are highly varied and emotive and so we expect pricing for forestry projects to be even more subjective than non-forestry emission reduction projects.

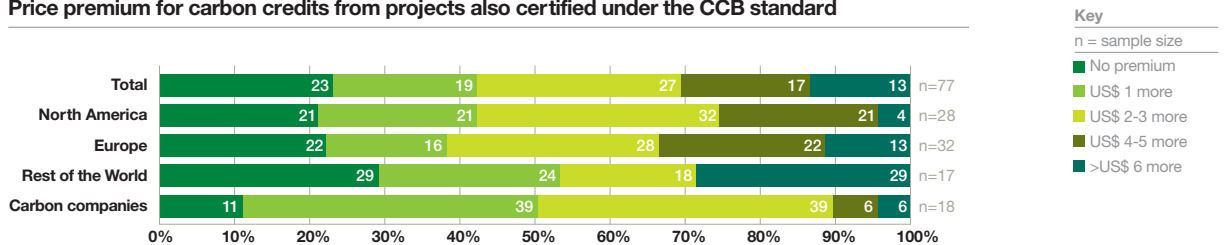
### Paying for co-benefits

Respondents ranked community and biodiversity co-benefits as important motivations for their interest in forest carbon. In order to better understand the value that organisations attribute to credibly demonstrated co-benefits in carbon projects, we asked about their willingness to pay a premium for credits from projects that are certified under the CCB standards.

## How to get the best deal – continued

The CCB Standards are a set of principles and criteria that land-based carbon mitigation projects may use to demonstrate net positive impacts for local communities and biodiversity. The CCB Standards foster the integration of best-practice and multiple-benefit approaches into project design and implementation. They can help buyers to identify these multiple benefit projects, and can also reduce the risk of projects and make them more sustainable by the promoting participation of local populations in project design and implementation<sup>14</sup>. As the CCB Standards do not issue emissions reductions certificates, many project developers are seeking dual certification under the CCB Standards and a carbon accounting standard like the CDM or VCS.

### Price premium for carbon credits from projects also certified under the CCB standard



The survey results show that a large number of carbon buyers are in principle willing to pay significant premiums for verified carbon credits (e.g., under the VCS) from projects that are also certified according to the CCB Standards.

- About a third of the participants (30%) stated they would pay premiums of US\$4 and more per offsets that are also CCB certified. High premiums generally corresponded to buyers who were willing to pay higher prices for the offsets in the first place
- A large majority of respondents (77%) are willing to pay a premium of at least US\$1 per offset for CCB certified projects
- Almost all of the carbon companies (89%) are willing to pay a premium of at least US\$1 per tonne, but few are willing to pay premiums greater than US\$3 per tonne

Developing multiple-benefit projects and obtaining a combined CCB Standards and VCS (or other) certification requires additional investment at the project design stage. These results suggest that this investment is often financially justified. We look forward to putting these survey results to a test when tracking future transactions of credits from CCB Standards certified projects to see if actual prices reflect the enthusiasm to pay premiums shown here. One of the limiting factors in this might so far still be that many buyers are not yet aware of the CCB Standards (see discussion on standards in section 'Standards' on page 19).

<sup>14</sup> The CCB Standards may be downloaded at [www.climate-standards.org](http://www.climate-standards.org)

How to get the best deal – continued

**How to structure the deal**

Developing a project’s carbon offset generation potential (i.e., collecting data, registering the project under the chosen carbon standard and undertaking audits) can be expensive and, in fact, prohibitive for some project developers. This is why certain types of deal structures have evolved in which buyers pre-finance the carbon project development. We tried to explore how amenable carbon buyers really are to those deal structures.

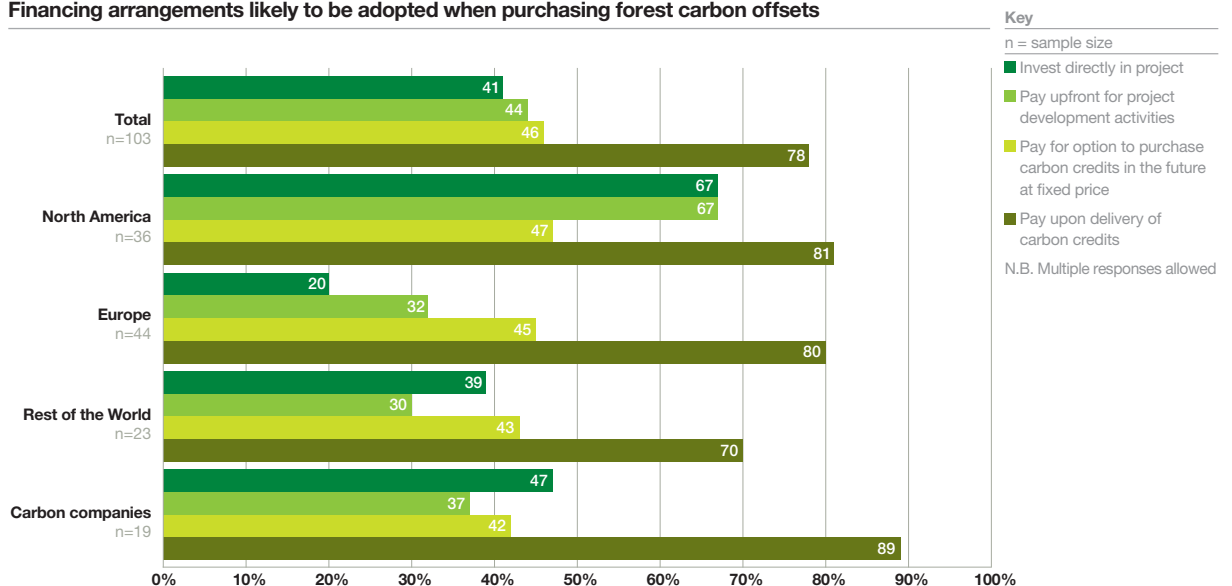
- In general, and not surprisingly, there appears to be a preference for paying for credits only once they have actually been delivered. This was the type of deal structure which was acceptable to three out of four buyers (being the largest category with 78% of responses)
- There are, however, also many buyers willing to consider pre-financing arrangements, whether through the purchase of options for future purchase (46%), the prepayment for credits (44%), or the ownership of a stake in a project (41%)

A surprisingly large number of buyers responded that they would consider purchasing call options for forestry offsets (46%). Under such an arrangement a buyer makes a small upfront down payment to secure a right to acquire offsets once they are issued at a fixed price. An interest in buying call options may reflect a bet on a rising value of forestry offsets which could increase dramatically if forestry offsets were to become eligible in future US regulatory markets, future phases of the EU ETS or an international post-2012 climate change agreement.

On the other hand, it is also clear that many buyers are not yet ready to rely on such a perspective and, therefore, are not prepared to pay upfront for such speculative purchases.

One regional difference is evident in that North American buyers are much more willing to finance the carbon project development upfront or to invest in projects than European buyers are (67% vs. 32% and 67% vs. 20%, respectively). This indicates a greater willingness to take risks and would give projects more financing flexibility if they are geared at North American markets.

**Financing arrangements likely to be adopted when purchasing forest carbon offsets**



## How to get the best deal – continued

Tree planting costs are front loaded and accrue during the first years of a project's lifetime. Carbon removal and consequently revenues from selling offsets only occur slowly over time, as trees grow. The same is true for timber revenues that also only accrue after trees have already grown. There is thus a financing gap. Income from selling carbon credits would make much more of a contribution to financing forestry projects if they were also frontloaded. (This gap exists, albeit to a lesser extent, for avoided deforestation (REDD) projects, which must demonstrate over time that their activities have reduced the rate of deforestation.)

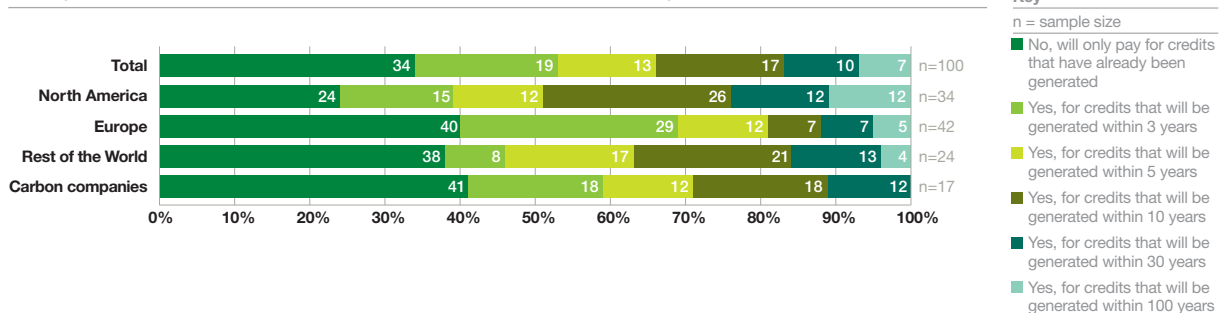
In order to explore the extent carbon offsets can overcome the financing gap during the initial years of a forestry project we asked participants to respond on their willingness to purchase offsets that will only be generated in the future and about the acceptable time period for actual credit generation.

- Many buyers (34%) are only willing to pay for already issued credits
- However, the majority of buyers (66%) are willing to purchase and pay upfront for credits that are generated within varying future time frames
- Interestingly, 17% indicated to be interested in credits generated more than 10 years from now and up to 100 years into the future. Such a time-frame could be seen to be so long-term that it is questionable whether companies are necessarily concerned about whether those emission reductions will ever actually occur (given obvious uncertainties as to the future of climate regimes and carbon markets in 30 or 100 years)

The question did not analyse if and how much buyers would discount prices for such future credit deliveries and experiences suggest that such discounts may be significant. High discounts could obviously significantly impact the commercial viability or attractiveness from the seller's point of view of selling future credits. Nevertheless, there seems to be substantial scope for bridging the gap between upfront financing needs and later credit flows.

Once again, North American buyers seem to be more flexible regarding future delivery of credits than Europeans (50% compared to 19%, respectively, say they are willing to purchase credits generated later than five years from now). This underscores the greater flexibility for project developers targeting the North American markets, especially if taken together with their generally more favourable view towards this sector.

### Willingness to purchase (and pay up-front) for forest carbon credits generated in the future





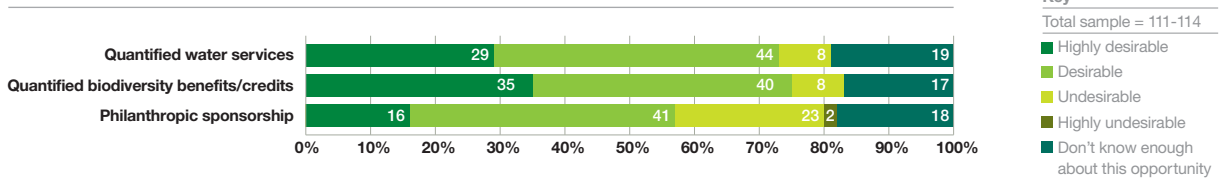
## Beyond carbon

Survey participants are open to investing in ecosystem services other than emissions reductions.

- A large majority of the respondents said that quantified water services and biodiversity benefits would be desirable investments (73% and 75%, respectively), and
- Only very few said that these are undesirable (only 8% in both cases)

Markets for these other environmental services are less developed than carbon and the high interest in these markets is further evidence that participants in the forest carbon market are broadly supportive of environmental issues. This support of environmental issues is not tied to the expected receipt of offset credits. Nearly two-thirds of respondents expressed a desire to invest philanthropically by providing a donation that would enable forest carbon projects without receiving credits in return.

**The desirability of investing in ecosystem service projects other than carbon credits**



The support for other ecosystem service markets and for philanthropic sponsorship of forest carbon suggests that forest carbon buyers are environmentally progressive. These vanguards are helping to create a market for forest carbon and many also wish to help create markets for other environmental services like water and biodiversity.

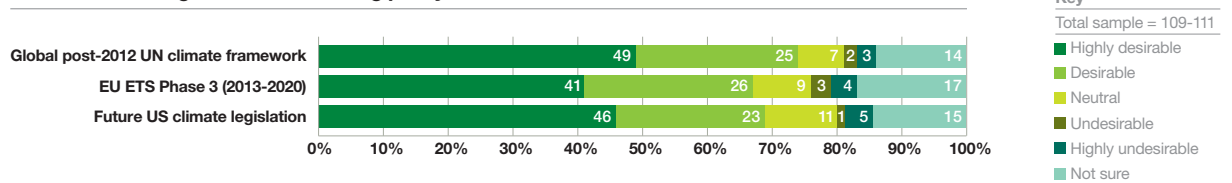
## Policy outlook

The survey participants were asked to rate the desirability for inclusion in ongoing climate change policy frameworks.

- Most of the survey respondents would like to see forest carbon activities eligible for offset crediting under the United Nations climate-change framework post-2012 (74% desirable and highly desirable)
- Almost an equal number of participants would like to see forest carbon activities included in Phase III of the European Union's Emissions Trading Scheme or under future United States climate legislation (67% and 69% respectively found eligibility desirable and highly desirable)

This broad support for the inclusion of forest carbon in future regulatory schemes shows that participants in the current forest carbon market believe that the forest can provide credible emissions and cost-effective reductions.

### Rate the desirability for forest carbon activities to be eligible for offset crediting within the following policy frameworks



## Conclusions

When asked about the reasons to engage in offsets from forests, one respondent answered: *“Tropical deforestation accounts for about 20% of global GHG emissions, and companies must support carbon projects that tackle this problem.”* A second respondent stated that *“properly designed and qualified forest projects provide a form of offsets with unmatched environmental and biodiversity benefits.”* And a third summarised: *“Protect the forests, the biodiversity, the fresh water and balancing the climate.”*

Forest carbon is certainly on the rise: voluntary market buyers are increasingly choosing offsets from forest activities and the momentum is strong to include forest carbon in international and national climate change policy. One buyer expressed a prevailing perception as *“Given how Obama sees dealing with renewable energy and climate change we think progress will be made.”* Many remain, however, still cautious and one buyer said: *“As far as I know, forest carbon credits still have to grow to a consensus around the world. It does seem risky to invest in this sector, especially with the current economic crisis.”* We asked what could be done to help overcome this last reservation. *“Proving it works.”* is a recommendation very much to the point that nonetheless seems to summarise what many think.

The buyers' ideal forestry project is hard to find: Most buyers prefer to pay only for credits that have already been generated and this creates a gap in financing for project development until credits are generated and certainly limits the contribution of carbon money to project financing. For reforestation activities this gap is likely to be five or more years, it is going to be larger for projects in North America where trees grow slower than in the tropics. Ironically, traditional commercial tree plantations are likely to have the shortest lag before generating credits, but are the least desirable project type while most buyers strongly prefer restoration with native species over industrial forestry. To generate a greater supply of these types of credits and to reconnect buyers' demands with the limitations of the forest sector, project developers and offset buyers will have to find innovative ways of financing projects.

Most buyers currently purchasing forestry offsets are new to the sector and are therefore still gaining valuable experience within the industry. As more companies engage in forestry projects over the next few years it remains to be seen whether this industry can be the versatile 'Swiss Army knife' of the offset markets and meet the wide range of buyer expectations. So far, buyers believe that forestry, while creating additional and credible offsets, also delivers unique sustainable co-benefits and is capable of providing these benefits in sufficient quantities and at a competitive price.

After so many hesitations during negotiations of the Kyoto Protocol and the EU ETS in Europe, new regulatory developments could revive forestry as a tool to mitigate climate change. Forest carbon will be at the crossroads later this year at the UN's Copenhagen conference and in Washington as the future domestic US climate change policy is decided. We look forward to tracking those developments and the maturation of the forest carbon market during the coming years.

## Glossary of terms

**CCAR** – California Climate Action Registry

**CCBA** – Climate, Community & Biodiversity Alliance

**CCB Standards** – Climate, Community & Biodiversity Standards

**CDM** – Clean Development Mechanism of the Kyoto Protocol

**CI** – Conservation International

**COP 15** – 15th Conference of Parties to the United Nations Framework Convention on Climate Change

**CSR** – Corporate Social Responsibility

**EU ETS** – European Union Emissions Trading Scheme

**FMCG** – Fast Moving Consumer Goods

**GHG** – Greenhouse Gas

**NGO** – non-profit Non Governmental Organisation

**REDD** – Reducing Emissions from Deforestation and Degradation

**RGGI** – Regional Greenhouse Gas Initiative

**UN** – United Nations

**UNFCCC** – United Nations Framework Convention on Climate Change

**VCS** – Voluntary Carbon Standard

**VER+** – A standard for the voluntary carbon market created by TÜV SÜD

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