# Climate Transparent Investment

The term climate transparent can be applied to an investment with a publicly disclosed greenhouse gas (GHG) emission inventory.

## Summary

For an investment to claim climate transparency through South Pole Group's (SPG) climate transparent label, the following criteria should be met:

1. Develop a GHG emission inventory and quantify the investment's indirect GHG emissions, including the gases mentioned in the Kyoto protocol, e.g. carbon dioxide ($CO_2$), methane ($CH_4$) and nitrous oxide ($N_2O$).
2. Communicate the investment's climate transparency.

## Criteria

### 1. Greenhouse Gas Inventory

The GHG inventory should follow the reporting standard *Greenhouse Gas Protocol: A Corporate Value Chain (Scope 3) Accounting and Reporting Standard – A Supplement to the Corporate Accounting and Reporting Standard*, published by the World Resources Institute (Washington DC, USA) and the World Business Council for Sustainable Development (Geneva, Switzerland).

The investment's GHG inventory should cover the indirect emissions from investments (Scope 3, category 15) covering:

i. The investee's direct emissions (scope 1) and indirect emissions (scope 2) from purchased electricity, heating and cooling; and
ii. The investee's indirect scope 3 emissions. These are calculated in cases where they are considered to be comparable to the sum of the scope 1 and 2 emissions or material.

### 1.1 Boundary Setting

The inventory must follow the above boundary setting. If the reporting entity chooses to exclude certain sources of emissions, this must be explained.

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## 1.2 Quality

Within scope 3 of the GHG Protocol, category 15, direct emissions and indirect emissions from electricity, heating and cooling (scope 1 and 2) of investments should be as exact as possible. If the reporting entity chooses to calculate other material emissions (scope 3), they can be reasonably estimated.

All methods, assumptions and approximations should be accounted for. If possible, the quality of the accounting should improve per reporting period.

The inventory should follow the GHG Protocol's principles of:

- Relevance
- Completeness
- Consistency
- Transparency
- Accuracy

## 1.3 Reporting Period

The inventory should account for the emissions during a specified reporting period, which is usually a period of one year. However, the inventory should be conducted at a fixed point in time e.g. December 31 of the reporting year. If preferred, it is possible to use a representative average covering the reporting period.

## 1.4 Client Responsibility

The client is responsible for ensuring that all material emissions are included in the accounting[1].

## 1.5 Reporting and Auditing

The participating company is responsible for presenting its GHG inventory in a report in accordance with the GHG Protocol disclosure guidance. The report should include:

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[1] If requested, SPG can assist the client with the GHG accounting. SPG can provide accounting tools, emission factors and advice concerning boundary settings.

a. All GHG emissions included in the inventory presented by equity share or equivalent.
b. All GHG emissions included in the inventory, presented according to scope.
c. Explanations concerning boundary settings, assumptions, calculations methodologies and emission factors.

If the reporting company has conducted their GHG inventory, independently or through a third party, SPG will audit the accounting to certify that it complies with the criteria.

**2. Communication**

An investment is awarded the status of climate transparent for the time period that follows the reporting period. E.g. if the accounting covers the period 2015/01/01-2015/12/31 the participating investment will hold the status of climate transparent for the period 2016/01/01-2016/12/31.

The investment's status as climate transparent can be used in external communication efforts. Participants are awarded the climate transparent investment logo and a certificate displaying the investments status as climate transparent issued by SPG.

The reporting entity is responsible for ensuring that the use of the logo complies with SPG's criteria. To use the logo, a summary of the GHG accounting, including a description of the boundary setting should be made publically available.