AVOIDED EMISSION ASSESSMENT OF INVESTMENTS

In a nutshell

Make informed decisions based on the identification and quantification of the potential of avoided investments of your products or investments. Differentiate yourself from your competitors and highlight the climate benefits that distinguish your company from your competitors.

Investors and corporates are interested in standard carbon footprints focussed on absolute carbon emissions. In addition, more and more of them want to understand the emissions potentially avoided by the products or services of the invested company, project, asset. South Pole Group assists investors and corporates both with carbon footprints, as well as with assessing the potentially avoided emissions.

What is the added value for investors?

- **Pioneering, credible methodology that sheds a light on the 'positive' climate impact and accomplishments of investments**
- **Useful metric that identifies climate leaders or disruptors among investees and potentially generates financial outperformance**
- **Valuable tool when developing low-carbon and/or climate-friendly products (i.e., cleantech funds and energy transition funds)**
- **Strategically positioning your investments to be more '2-degree' aligned**

The Potential Avoided Emissions of Investments

Investing in companies that provide services or products that reduce greenhouse gas (GHG) emissions means making the right choice: backing climate change mitigation efforts and the transition towards a low-carbon society. However, avoided emissions as a concept is still in development and there is currently no consistent international standard showing how to estimate, calculate or describe avoided emissions across sectors.

Our Unique Approach

South Pole Group (SPG) has developed an innovative methodology that allows investors and corporates to assess the potential avoided emissions of their investments, i.e. emissions that would have been released if a particular action or intervention had not taken place. Our methodology covers potential avoided emissions throughout the value chain, for instance, those from an investees' more carbon-efficient products or services.

Examples of how products or services avoid emissions	
Renewable Energy	Reduced use of fossil fuels when powering a company's utilities; utility clients supplied with renewable energy; third party clients' emissions are reduced from electricity intensive products and services such as server halls and train travel
Electric Vehicles	Reduced use of fossil fuels in a company's vehicle fleet; third party clients' emissions are reduced in, for instance, goods transportation and public transport

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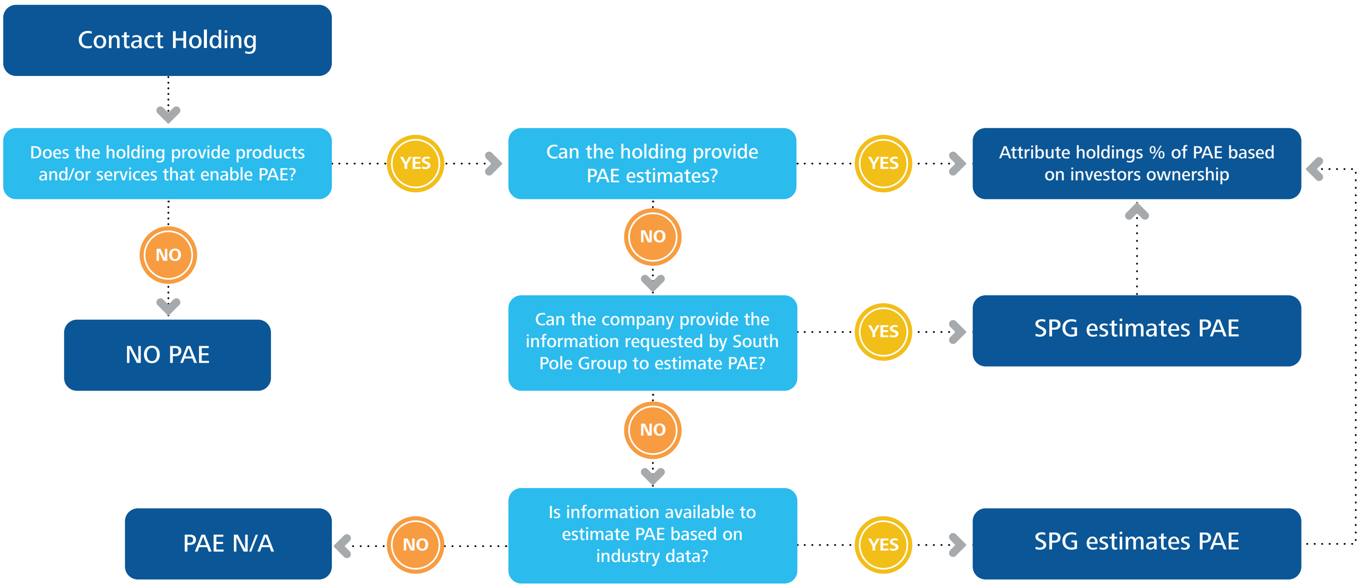
Process for Calculating Avoided Emissions (PAE)



PAE Methodology

Once a baseline has been established (i.e. what would have occurred if the product or service had not been made available), we calculate the PAE by the difference in GHG emissions between the baseline level and the scenario where the product or service is made available.

Data Collection

We conduct a thorough data collection by directly contacting investees to provide data on avoided emissions. If a holding is able to provide their own avoided emissions calculations, we review this data and, if deemed imprecise, amend them.

If no data is provided, a variety of methods can be applied (e.g., an analysis of climate friendly product lines; an extrapolation based on sectoral key figures from projects/companies).

Overcoming Barriers

For companies providing products or services where the PAE is expected to occur over a longer period of time (e.g., via an energy efficient battery or renewable energy technology), we apply an ex-ante approach considering the lifetime of the product or service.

We conduct a qualitative assessment on PAE that could otherwise be difficult to quantify (e.g., environmental consultancy services).

Global team

We are a truly global provider of sustainability solutions and services. Our team is made up of over 130 skilled and enthusiastic professionals from over 20 different countries, based in offices spanning 6 continents.

Regional offices Headquarters Representations

Climate impact/renewable energy projects

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Visit www.thesouthpolegroup.com/contacts to find your local office or call our Headquarters in Zurich on +41 43 501 35 50