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LETTER FROM OUR CEO

2015: A watershed for sustainable development

What a momentous year we experienced in 2015—with the historic Paris Agreement on Climate Change as well as the adoption of the UN's Sustainable Development Goals (SDGs). Both set lofty ambitions as well as tremendous opportunities.

Anticipating these challenges, Gold Standard made the strategic decision in early 2015 to reshape our standard to deliver against the converging climate and development agendas. Our primary focus for the year was on the development of Gold Standard 3.0, a holistic standard for climate and development interventions that maximises positive contributions with best practice design, manages environmental and social risks and engages local communities, and allows for quantification of direct impact to the SDGs.

At the same time our team worked to support our long-time stakeholders with the challenges they face in the carbon markets. We made some initial improvements to reduce the costs and complexity related to certification and we are working on a number of ways to help create more demand for Gold Standard projects and initiatives, including transformational changes in the role of voluntary offsetting in supporting our transition to a low carbon economy.

You'll see in the following pages some of our key achievements from the year, but we're proudest of the continued engagement and support from our partners who develop projects on the ground, those who build the market for their outcomes, and our NGO community who ensure we maintain the highest standards of quality and integrity.

Marion Verles,
CEO



Our Vision

Climate security and sustainable development for all.

Our Mission

Gold Standard maximises the impacts of climate and development interventions by creating robust standards that lead to responsible management of the planet's resources and life-changing benefits to communities around the world.

WHAT WE DO

Gold Standard works to create a climate-secure world where the planet's resources are used responsibly and sustainable growth brings life-changing benefits to communities everywhere. Our role is to ensure every dollar of climate and development funding goes as far as it can.

To do this, we design the strongest processes that amplify the impact of efforts to deliver clean energy and water, responsibly manage land and forests, and transform lives of the world's poor. We then verify those outcomes, inspiring greater confidence that drives investment to accomplish even more.

To find out more, visit us at www.goldstandard.org



OUR VALUES



Pioneering

For more than a decade, Gold Standard has shown how climate finance can achieve its highest potential. Now, we're pushing this further, creating innovative new programmes and tools that can be integrated to deliver impacts at a greater scale.



Rigorous

We will build upon our reputation for quality and rigour with more robust measurement of outcomes and deeper impact across the Sustainable Development Goals.



Collaborative

To realize our ambitious vision, we will join forces with strategic partners who share our goals and complement our strengths.



Transparent

We were established to bring confidence, trust, and accountability to carbon markets. We will continue to take strides to improve transparency in our own processes and the broader market.





OUR PROJECTS



Clean cookstove projects

Many families cook their food on open fires, often indoors, which creates smoke that can cause chronic illnesses. Local environmental degradation in many rural communities means that collecting wood involves walking long distances, leaving little time for women to attend to their families or seek gainful employment. Energy efficient clean cookstoves use far less wood compared to an open fire—or sometimes no wood at all—which leads to tremendous time savings and cost savings, markedly improving the standard of living for people. Women gain more time for other activities like caring for children, school, or work. These stoves also lead to improvements in health by improving indoor air quality. And because of reduced forest degradation, clean cookstoves also help conserve biodiversity and protect natural ecosystem services like water purification.



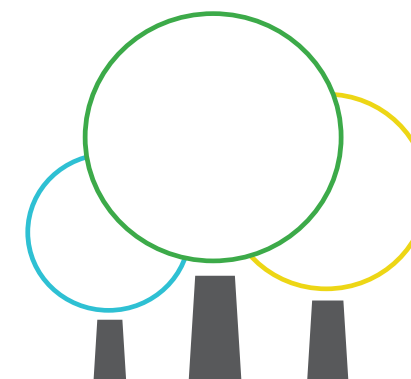
Biogas projects

Biogas projects reduce deforestation, thus protecting biodiversity and ecosystem services. They support the empowerment of local women as the need for less wood collection gives them more time for education and other activities. The construction and maintenance of the plants lead to new employment opportunities and the residues resulting from the fermentation process are used as organic fertilizer, aiding crop growth and yields. They minimize the risk of lung disease caused by indoor wood burning, and the waste used for powering the plants is taken from the villages ensuring that it does not contaminate groundwater or pose other risks to local health.



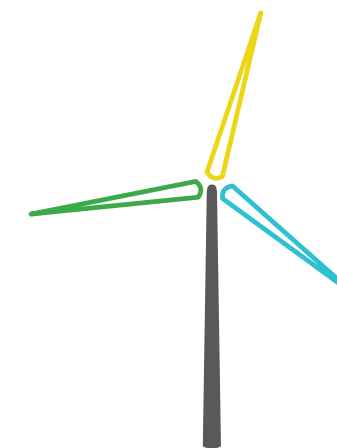
Water filter projects

Water filter projects provide people with greater access to safe drinking water – the source of life. Carbon finance has enabled these types of projects - that deliver great development impacts to become economically sustainable, providing significant improvements to public health and household welfare. The projects displace the use of firewood fuel traditionally used to boilwater for domestic consumption. So as well as significantly reducing emissions, these types of project also alleviate pressure on environmental resources such as local woodlands. Furthermore, they reduce indoor air pollution, improving health and living conditions for local families, and provide economic benefits with more employment opportunities and less time and money spent acquiring fuel for cooking.



Afforestation / Reforestation

Afforestation is the establishment of a forest in an area that previously was not forested. Reforestation is the re-establishment of forest, either naturally or by direct seeding or planting. In simplest terms, a key benefit of Afforestation and Reforestation projects lies in trees—more trees, larger trees, a diversity of trees. As they grow, the trees absorb and hold CO₂—contributing to global carbon reduction. In addition, Afforestation and Reforestation projects provide other ecological and social benefits for the local ecosystem, including employment, mostly on agro-forestry farms, but also in the management of forest conservation areas and biodiversity, through the valuation of ecosystem services.



Wind energy projects

Wind energy projects represent tremendous progress toward a future free of fossil fuels. Just as important, these projects help countries economically and politically by reducing dependence on energy imports. Wind energy projects realize outcomes in climate security, biodiversity conservation and ecosystem services. Livelihoods of the poor are improved through the creation of new local employment opportunities in both construction and operations and technology transfer to local communities. In addition, by creating renewable energy, these projects also result in positive macro-economic balance of payment impacts, reducing reliance on imports of energy. This helps developing countries work toward energy independence, with significant implications for national economic security and political stability.

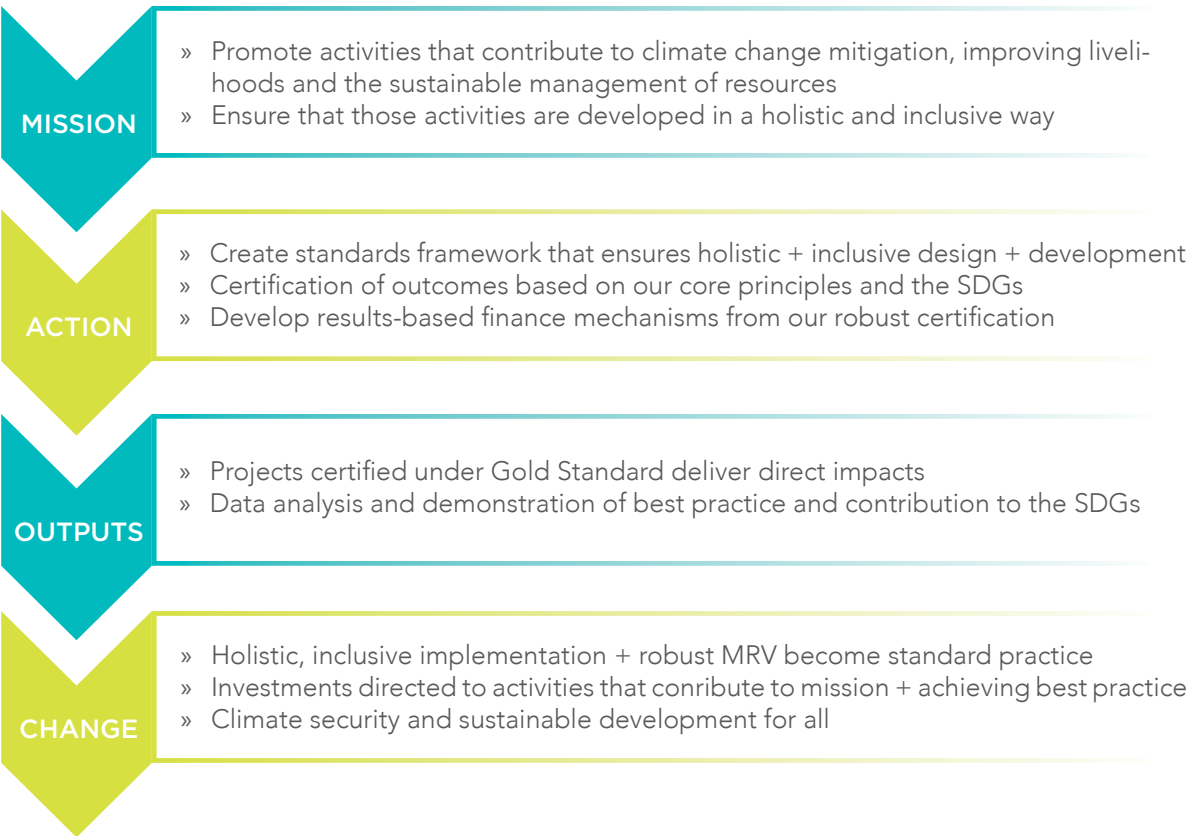


OUR THEORY OF CHANGE AND 2020 VISION

WHAT WE DO

Our theory of change provides the rationale for how our work contributes to our overarching vision of climate security and sustainable development for all.

Summary of our Theory of Change



To help us deliver on our vision and mission we plan to:

1. STANDARD DEVELOPMENT

Develop an integrated and holistic project level 'meta-standard' to quantify and certify climate + SDG impacts

2. PROGRAMME DEVELOPMENT

Pioneer innovative approaches to project certification, financing and markets.

3. DEMAND BUILDING

Enhance our value proposition by streamlining the certification process + supporting demand building efforts to grow existing markets.

4. STRATEGIC PARTNERSHIPS

Develop key strategic partnerships to co-design our standards/frameworks and accelerate the implementation of our strategies

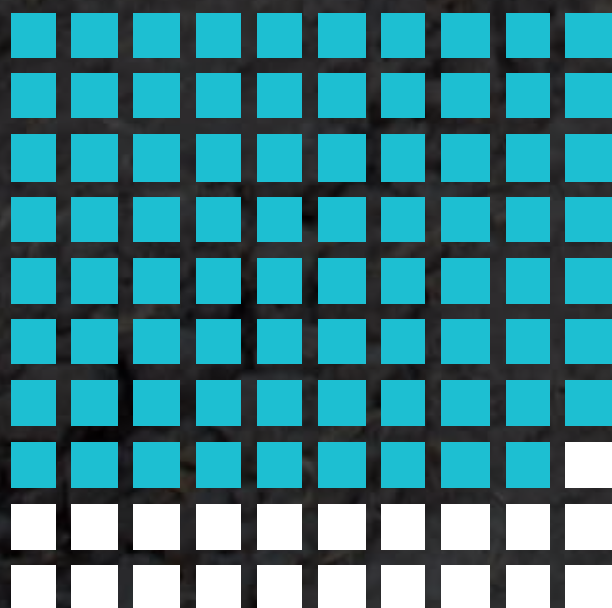


SAVING EMISSIONS + DELIVERING SUSTAINABLE DEVELOPMENT

We have 1300+ projects in our pipeline, providing clean technologies that help improve the lives of vulnerable communities all around the world. In 2015 Gold Standard projects reduced over 13 million tonnes of greenhouse gas (GHG) emissions from being released into the atmosphere – the equivalent of taking 2.8 million cars off the road for one year. The figures below provide a breakdown of these emissions reductions in both the compliance and voluntary carbon markets. It also outlines the number of voluntary emission reductions that were retired (e.g. used to compensate an organisations carbon footprint) in 2015.

	Q1	Q2	Q3	Q4	Total
Issued CERs	664,636	1,226,223	96,871	35,807	2,023,537
Issued VERs	794,846	3,824,861	1,906,170	3,399,773	9,925,650
Validated A/R VERs	907,927	103,184	240,037	142,216	1,390,364
Total Issuances	2,364,409	5,154,268	2,243,078	3,577,796	13,339,551
Total VER Retirements	1,594,910	3,476,626	716,768	1,594,910	7,792,615

7.8 million GS VERs retired in 2015

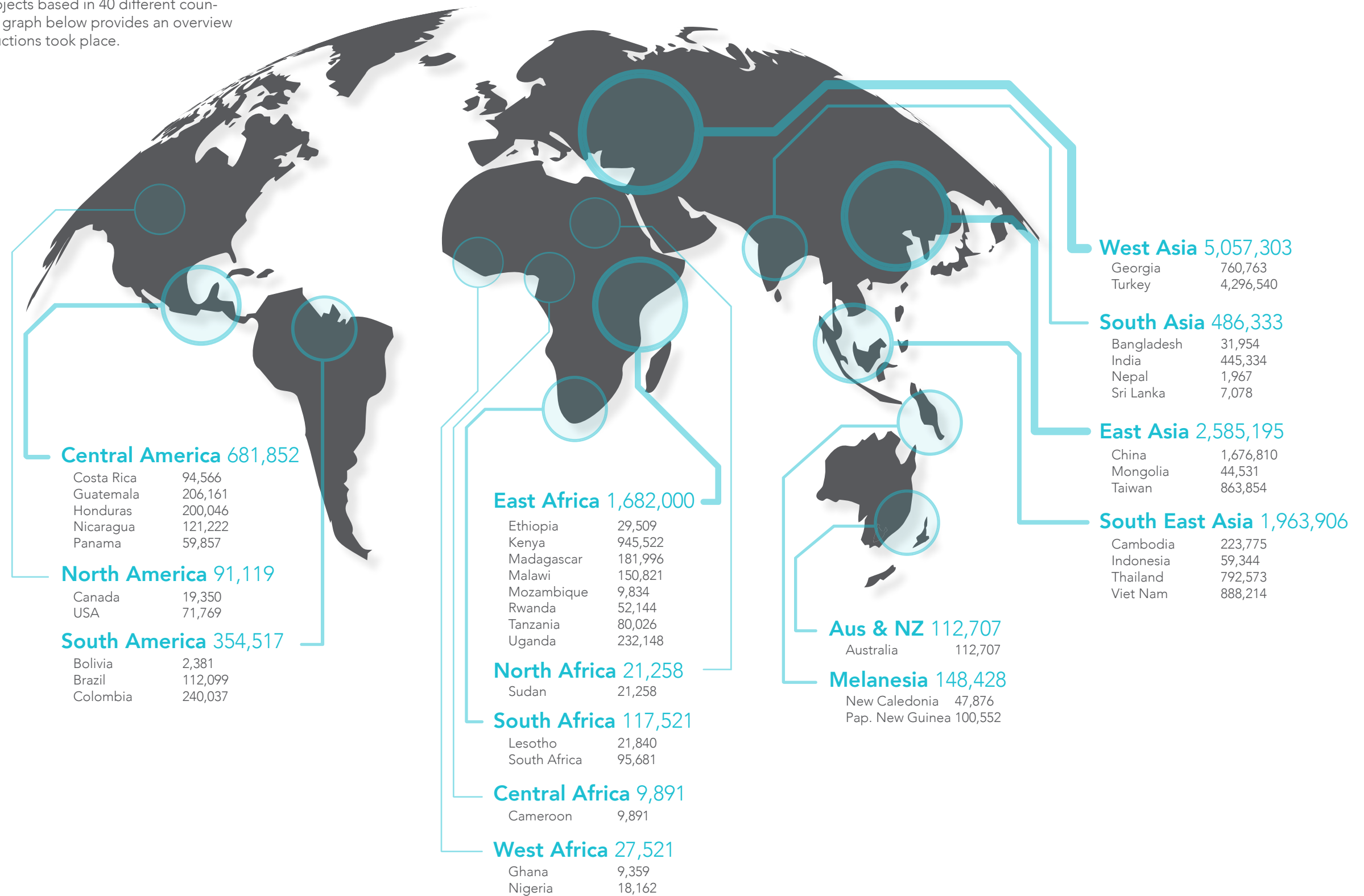


9.9 million GS VERs issued in 2015



CARBON REDUCTIONS BY LOCATION

In 2015, we verified that more than 13 million tonnes of CO₂ had been reduced from projects based in 40 different countries around the world. The graph below provides an overview of where these carbon reductions took place.



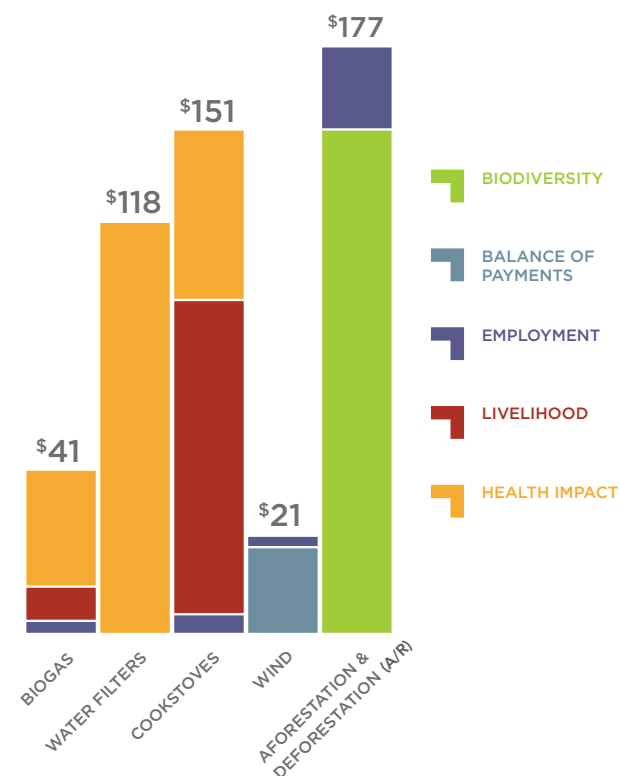


VALUE OF IMPACTS

To shine a light on the value above and beyond carbon mitigation, Gold Standard commissioned a group of economists to conduct a comprehensive valuation of the socio-economic benefits delivered by our projects. The conclusion was that projects that follow our principles of inclusive design, transparent governance and outcomes that are long-term, consistent and comparable, deliver additional outcomes worth millions of (US equivalent) dollars.

Monetary value of Gold Standard project impacts

per ton of CO₂ emissions



For 2015, this would imply that our projects have delivered over 700 million dollars in additional benefits beyond carbon.

Project type	tonnes of CO2 issued/validated	Value delivered by our projects
Biogas	1'566'840	\$ 64'240'440
Water filters	875'494	\$ 103'308'292
Cookstove	1'527'857	\$ 230'706'407
Wind	3'154'914	\$ 66'253'194
A/R	1'390'538	\$ 246'125'226
Totals	8'515'643	\$ 710'633'559



ORGANISATIONAL DEVELOPMENT

Change in leadership – new leadership, new vision

In February 2015, Marion Verles assumed the role of CEO of Gold Standard. She quickly built upon the team's strong track record to help Gold Standard maintain its leadership position in climate and development interventions and forge new strategies that make a measurable difference in the well-being of people and their planet.

Delivering on our vision + mission

With the arrival of our new CEO, Gold Standard undertook a review of its strategic priorities, developing a Theory of Change that helps to articulate how it plans to deliver on its vision of a climate secure world where sustainable development brings life-changing benefits to communities everywhere.

Revitalizing our brand

With new leadership and a new direction, it was the right opportunity to evolve our brand to focus on how Gold Standard contributes to "climate security and sustainable development for all" – positioning Gold Standard and our partners for success under any outcomes from the climate and development agendas. The website is the fullest articulation of this new brand.



STANDARD DEVELOPMENT

**Gold Standard 3.0:
Leveraging climate action for greater
impact in sustainable development**

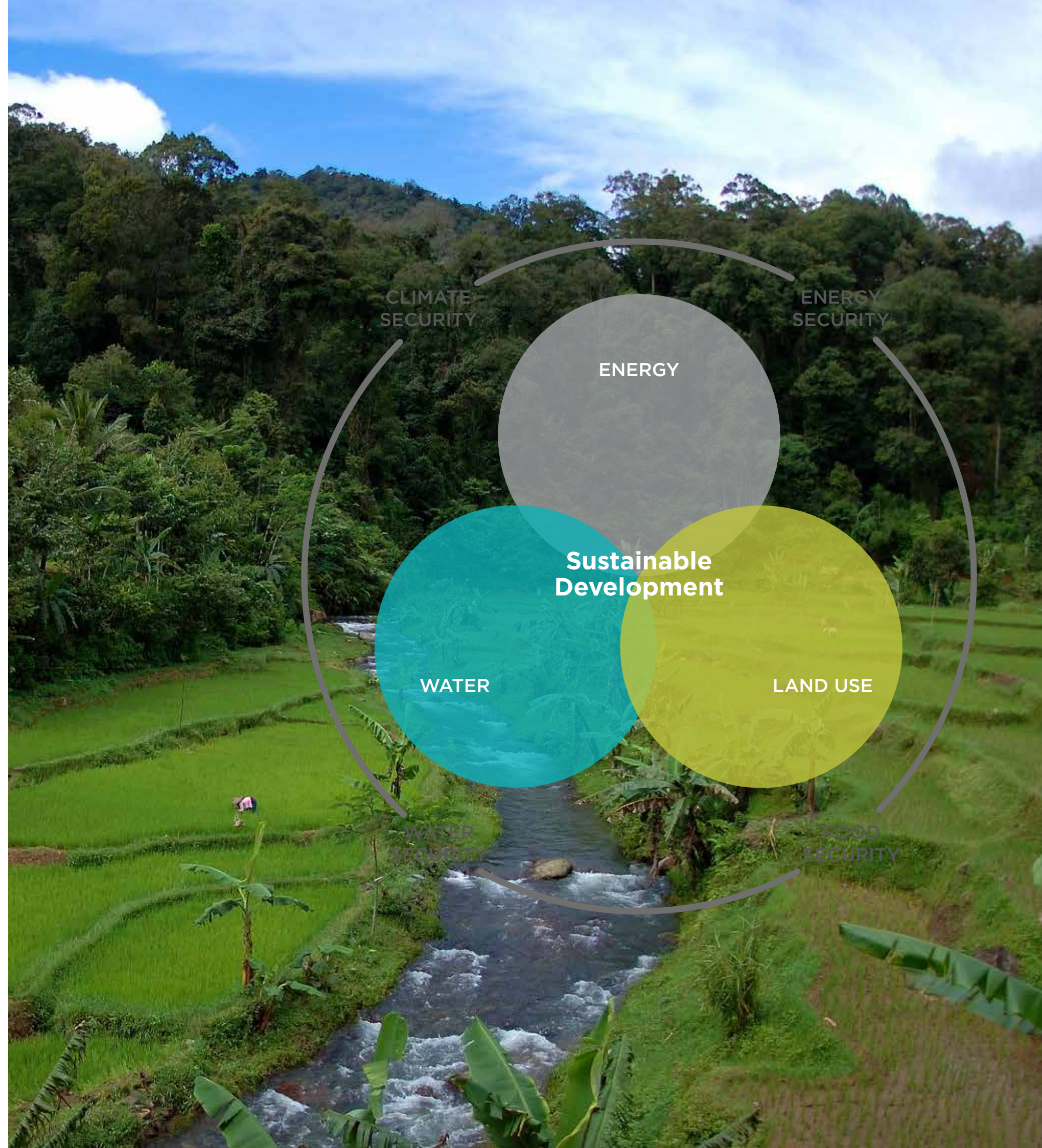
To help us achieve our mission, we are evolving our standard from a primarily climate-oriented standard that also delivers development benefits to a framework to measure and certify impacts toward all the Sustainable Development Goals (SDGs).

By bridging the gap between climate and development, this new standard will enable various programmes and outcomes – from reduced greenhouse gas emissions, to improved health to gender equality - to be certified through a single process. This new approach permits greater flexibility for project developers, investors and donors, helping to unlock new or additional sources of finance from sectors beyond the carbon market, such as health.

The new standard will be supported by smart, intelligent IT infrastructure that automates the process wherever possible, improving efficiencies whilst providing certified output data which can be used by policymakers or for meeting SDG commitments.

Projects that use improved cookstove technology and have a focus on quantifying health and gender impacts will be the first to pilot this new standard.

We will also use Gold Standard 3.0 as the framework to monitor and verify outcomes from urban-based projects, enabling cities to quantify their contributions to the Sustainable Development Goals. This is a continuation of our cities programme, working with WWF, ICLEI, Southpole Group and Climate-KIC to unlock new and additional sources of funding to scale up investments into city-level low carbon projects. The city of Cali, Colombia; Rajkot, India; Nairobi, Kenya and Amman, Jordan are piloting this initiative in 2017.



PROGRAMME DEVELOPMENT

Enhancing our certification process

In 2015, Gold Standard implemented a number of new initiatives to help accelerate and simplify the certification process for project developers.

- » Provided online training to streamline the micro-scale certification process.
- » Enabled ex-post reviews of the GHG monitoring plan to decrease the burden on documentation and data gathering during the registration period.
- » Simplified the requirements for demonstrating prior consideration for carbon revenue under GS-VER programmes and activities.
- » Simplified the rules for activities based in conflict zones and refugee camps, helping to increase the number of projects based in these areas.
- » Revised the Gold Standard cookstove methodology to allow default values, simplified the monitoring process and expanded the scope to include eligible clean water supply technologies.
- » Released guidelines on how to transition CDM projects to GS VER projects
- » Increased our staff availability for project review/feedback

We have also developed three new methodologies that can be applied under the Agriculture programme and a methodology to help the shipping industry reduce its emissions.

Gold Standard is also in the process of assessing its audit framework as well as defining specifications for a user friendly IT platform – both expected to significantly reduce both the cost and time for certification.





PROGRAMME DEVELOPMENT

Investment in IT solutions

Cookstoves: Amplifying the impact of cookstoves

In 2015 Gold Standard partnered with World Vision Australia, World Vision Peru and the Inter-American Development Bank to build web-based tools for improved cookstove projects in Latin America. The initiative levels the playing field for small project developers by providing free access to information that is expensive and therefore inaccessible. These tools are set for release in 2016/2017 and will promote best practice and provide a standardised way to calculate emission reductions for cookstove projects in the region.

The Cool Farm Tool: Enabling farmers to decrease emissions in agriculture

The Cool Farm Tool is designed to bring the complex science of agriculture and climate change to the farmers in the field. Based on empirical research, the Cool Farm Tool identifies hotspots and makes it easy for farmers to test alternative management scenarios that help mitigate greenhouse gas (GHG) emissions. The GHG results are reported in totals per crop unit or per hectare/acre and broken down by emissions category. The tool is free to use for individual farmers for internal management. Commercial use by supply chain businesses requires a use or membership fee. The tool and fee details can be accessed at www.coolfarmtool.org



PROGRAMME DEVELOPMENT

Quantifying beyond-carbon impacts

Black Carbon

Studies show that black carbon may be responsible for close to 20% of the planet's warming, making it the second highest contributor to climate change after carbon dioxide. In March 2015, Gold Standard launched a pioneering methodology for quantifying and monitoring emissions from black carbon and other short-lived climate pollutants, from projects focused on improved cookstove technologies or clean burning fuels. This first-of-its-kind methodology provides a verified outcome that can be used in a 'results-based finance' funding scheme to drive investment into these much-needed climate and development initiatives.

Launch of the Fairtrade Climate Standard

October 2015 saw the launch of the new Fairtrade Climate Standard, which aims to enable smallholders and rural communities to access climate finance through carbon markets while supporting their capacity building for climate adaptation. The Fairtrade Climate Standard is an add-on to Gold Standard certification that features additional criteria for project eligibility and minimum prices for credits. The standard marks the final step in developing Fairtrade Carbon Credits, which were launched at COP21 in Paris. Deutsche Post DHL Group and M&S are the first two corporates to commit to purchasing these Fairtrade credits. Our partnership with Fairtrade continues to support our efforts to increase transparency and integrity in carbon markets and helps ensure climate finance benefits those who need it most.



DEMAND BUILDING + STRATEGIC PARTNERSHIPS

Science Based Targets

Over a hundred companies have now signed on to adopt a long-term Science Based Target to reduce their greenhouse gas emissions according to what is needed by science to remain within two degrees of warming. In 2015, Gold Standard partnered with the Science Based Targets Initiative to explore the role of business in financing additional emission reductions outside of their own operations or supply chain. Following a similar model to the outcomes from the climate change negotiations, whereby developed countries reduce at home and finance abroad, this scheme will provide the private sector with the means to invest in projects that help us transition to a low carbon economy, filling the significant gap left by the Nationally Determined Contributions committed in the Paris Accord.

Strengthening carbon markets with transparency

Gold Standard believes that carbon markets will strengthen and grow for everyone involved with greater credibility and transparency. It therefore launched the Climate Finance Transparency Initiative in the last quarter of 2015. This initiative is part of a broader demand building strategy to eliminate barriers and build confidence in the market and aims to encourage prospective buyers to enter the market by providing better information about supply, demand and price variability. The first Gold Standard Supply Report was launched in early 2016.

Gold Standard Thinking

In 2014 Gold Standard launched an independent thought leadership forum to pose solutions to the issues facing climate and development initiatives. In 2015, it continued to grow this initiative, commissioning articles that discussed topics from driving sustainability in supply chains, to the importance of converging the climate and SDG agendas, to more grassroots issues such as how Fairtrade Carbon Credits are supporting smallholder farmers in their fight against climate change. Readership for this publication is steadily growing 3% a year.



The year 2015 was a period of restructuring and investment. Our revenue stream from income generated by our certification fees was stable and the team successfully secured a number of grants to support the development of its new strategy. On the cost side, we decreased our operating expenses across all departments to ensure a healthy spending base for the investments planned in 2016 and beyond. Altogether, we closed the year with a net surplus of \$283k.

GS Income Statement 2013 - 2015

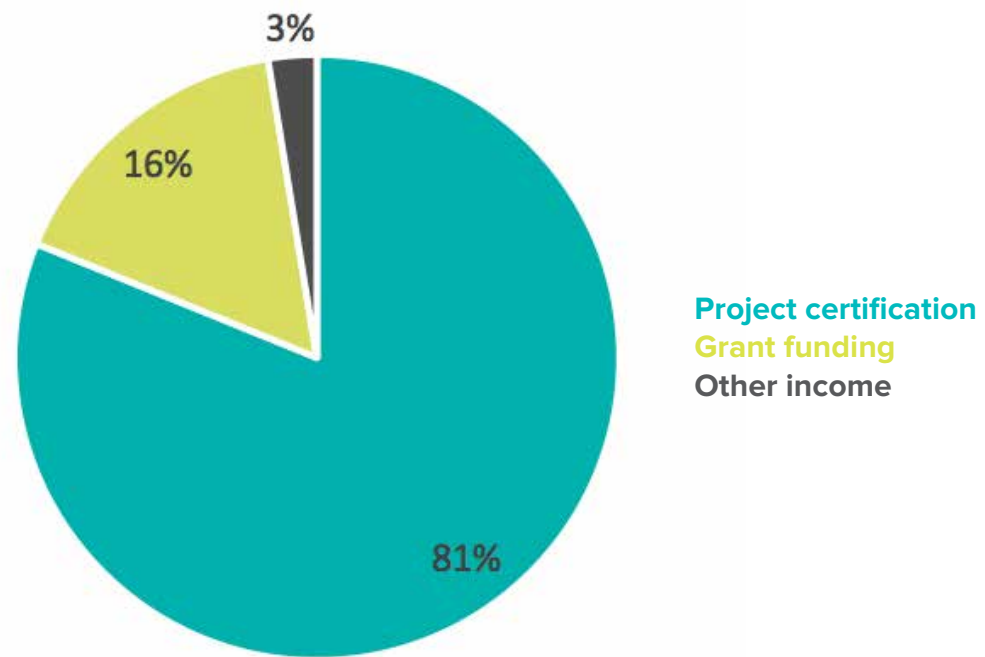
(in USD '000)	2013	2014	2015
Project certification	2,454	2,569	2,847
Grant funding	1,015	748	571
Other income	26	111	91
Revenue	3,495	3,428	3,509
People	2,111	2,603	2,179
Travel	249	269	139
Marketing	36	130	56
Other	545	526	512
Operating expenses	2,941	3,528	2,886
Non-operating income/expenses	(161)	2	(340)
Surplus (-deficit) for the year	393	(98)	283

* Includes 'SOP' (Share of proceeds) sale of credits

COMPANY REVENUE

Within the total revenue of \$3.5m, 81% of it came from fees generated through certification activities and 16% from grant funding. Over the year, we received more income from the registration of projects compared to the fees generated from the issuance of the carbon credits. In 2015, many projects transitioned to a 'share of proceeds' payment model, whereby projects provide Gold Standard with between 1.5 to 2% of the carbon credits in part exchange for the issuance fee.

Foundation revenue 2015



We also focused on securing longer term funding to support our new strategy. The Blue Moon Fund, International Development Bank (IDB) and World Vision Australia have represented an important milestone for our investment in Gold Standard Version 3.0, relationships that continue beyond 2015. Furthermore, we completed our first projects from funding received by Climate-KIC, opening up new opportunities for a broader scope of work in 2016.



COMPENSATING FOR OUR FOOTPRINT

Our own operations are a model for sustainable working. Our staff, working in 10 countries, are close to the projects we support which significantly reduces the need for and impact of travel.

Most staff work at home, thereby eliminating the impacts of commuting. Those that do commute generally do so on public transport or bicycle. For our offices, we use sustainably sourced stationery, we recycle waste material and the electricity purchased for our head office is 100% renewable. We use video conferencing extensively, and our travel policy mandates the use of public transport wherever possible. Where we can't further reduce energy use, we fully offset the carbon emissions of the organisation. The table below shows the results from our carbon footprint calculation. To ensure that we have covered all scope 1 and 2 activities within the organisation, including local public transport and energy usage for our staff who work from home, we have included a buffer of 50%, retiring 136 additional carbon credits on top of that calculated for our footprint. Staff also use climate credit cards issued by cornercard that link activities or purchases with the retirement of carbon credits from Gold Standard projects.

CO2 emissions calculation of Gold Standard operations in 2015

Business travel

	km	tCO ₂
Flight	723,000	264
Train	53,168	3
Car	25,000	4
		271

Electricity

Costs (EUR)	kwh	tCO ₂
509,75	2,284	0.52

Printing

Costs (EUR)	total weight (t)	tCO ₂
5000	0.4	0.47

total carbon footprint 272*

Total tonnes of CO2 retired (including an additional 50% buffer): 408



COMPENSATING FOR OUR FOOTPRINT



To offset our carbon footprint we have used emission reductions from a portfolio of different Gold Standard projects. This approach enables us to support a multitude of benefits, helping to accelerate the transition to a low carbon economy whilst contributing to the Sustainable Development Goals (SDGs). If you would like to learn more about how you can make a direct impact in protecting our climate whilst helping the most vulnerable access critical services like energy, water and food, please contact us at info@goldstandard.org.

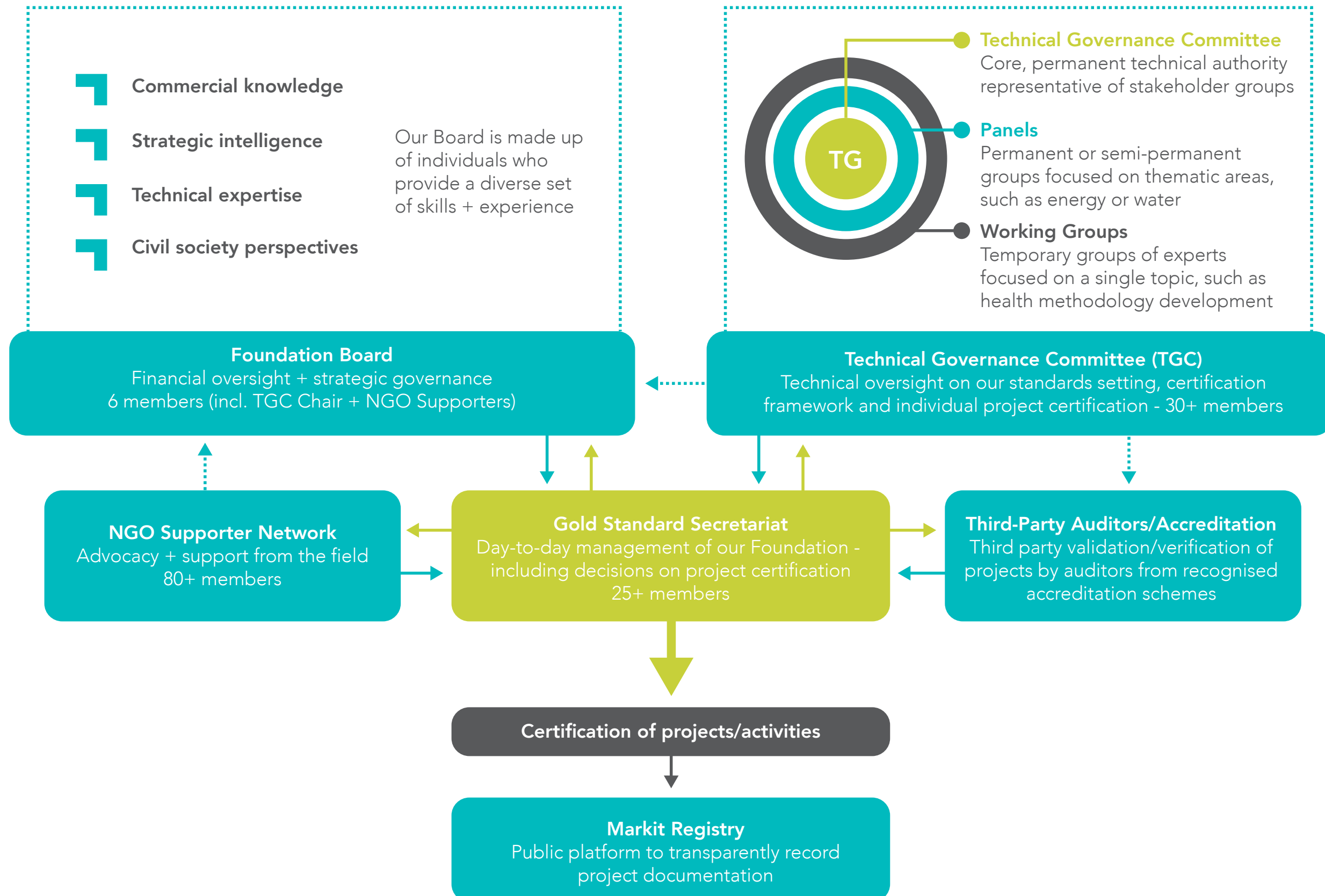
GS ID	Project name	Project type	Emissions retired
GS817	Arakalagudu Biodigester Project II	Biogas	91
GS1147	Composting of Municipal Organic Waste in Lomé	Waste management	21
GS883	Aberdares Improved Cookstoves	Cookstove	36
GS1247	Improved Kitchen Regimes: Bugesera District, Rwanda	Cookstove	46
GS1167	Highveld Air Quality - eMbalenhle Project	Cookstove	45
GS1040	Highveld Air Quality - Standerton project	Cookstove	5
GS1061	Kayseri Molu Landfill Gas to Energy Project, Turkey	Biogas	63
GS503	Kemberburgaz Wind Farm Project	Wind	38
GS3305	Solar for Forest	Photovoltaic	3
GS689	Zhaoyang Rural Household Biogas Tank Program	Biogas	60
Total			408

**Our emissions were calculated by atmosfair**

atmosfair is a climate protection agency focused on actively protecting the climate by compensating greenhouse gases through the use of renewable energies and sustainable development activities.

www.atmosfair.de

HOW WE ARE GOVERNED





THANKING OUR FUNDING PARTNERS

We would like to thank all those that have provided funding to our organisation and its initiatives, in particular with regards to supporting the enhancement of our standard. Your support helps us address the evolving challenges in creating a climate secure world and delivering sustainable development results and life-changing benefits for vulnerable communities everywhere.

Public funders

- » World Bank
- » International Development Bank
- » Government of Luxembourg
- » Climate KIC

Partner organizations

- » World Vision
- » CCAC
- » HIVOS
- » Solidaridad and CEDECO
- » Carbon War Room

Foundations

- » Blue Moon Fund

Companies

- » Goldman Sachs

For more information about partnership opportunities with Gold Standard and in order that we may consider synergies and tailor a bespoke proposal, please contact our Partnerships and Business Development Team at claire.blenkinsop@goldstandard.org, +41 (0) 22 788 7080.

“A lack of financing for low carbon actions poses one of the greatest challenges for cities around the world. Gold Standard is a leader in developing pioneering standards that enable activities to deliver both climate + development impacts. We’re excited to be supporting them in the development of a new framework that enables cities to quantify their contributions to the Sustainable Development Goals (SDGs) - unlocking new and additional sources of finance to scale up low carbon urban development.”

*Dominic Hofstetter
Director, Climate-KIC Alpine*





“Gold Standard is recognized for its high level of integrity, robust procedures and impact in climate and development initiatives. We are delighted to be supporting their progressive work on quantifying the gender equality impacts of climate protection projects.”

*Carole Dieschbourg
Minister for the Environment of the Grand-Duchy of Luxembourg*

