

Gold Standard®

ANNUAL REPORT 2016

Building the Foundation

Partnerships and infrastructure
for Gold Standard for the Global Goals



■ ■ ■ TABLE OF CONTENTS

■ Annual report 2016

LETTER FROM OUR CEO.....	4
OUR VISION + MISSION.....	6
WHAT WE DO.....	8
OUR VALUES.....	10
GOLD STANDARD CERTIFIED PROJECTS.....	12
OUR NETWORKS.....	14
OUR STRATEGY.....	16
OUR IMPACT.....	20
2016 ACHIEVEMENTS.....	24
FINANCIALS.....	34
OUR FOOTPRINT.....	36
OUR GOVERNANCE.....	38
SPONSORS & PARTNERS.....	40



LETTER FROM OUR CEO

2016: Building the Foundation to Achieve the Global Goals



In 2015, the Paris Climate Agreement and UN Sustainable Development Goals defined clear and ambitious targets for tackling climate change, alleviating poverty and reducing global inequalities. The goal posts were set.

In 2016, we got down to business, focusing our efforts on building our own contribution to help meet that ambition: Gold Standard for the Global Goals. At its foundation, this new standard is designed to quantify, certify and maximise the impacts of projects towards climate security and the Sustainable Development Goals.

We presented our blueprint for this new standard at the Gold Standard 2016 conference, Grow to Zero. There in Zurich, the beginnings of new partnerships were born, including those with the Science Based Targets initiative and the UNFCCC

Secretariat. At the conference, we also gained insights from our stakeholders through the completion of our first consultation on Gold Standard for the Global Goals (then called "Gold Standard 3.0"). These collaborations enabled us to move forward over the course of the year, constructing a robust standard supported by industry experts and thought leaders.

At COP22 in Marrakech, we shared our thinking on how sustainable development can act as a lever for more ambitious climate action to meet the Paris Agreement -- based on our +13 year track record of demonstrating the virtuous circle of climate and development within the Kyoto Protocol -- and discussed how Gold Standard for the Global Goals can help bridge the gap between the world's newly adopted climate and development agendas.

We are proud and grateful to have worked with respected partners to develop the core framework of Gold Standard for the Global Goals and build a number of innovative products and certification solutions that fit under the standard. Those completed during the 2016 calendar year include our Sustainable Urban Development Framework, a Dairy Methodology for the agriculture sector, and a new methodology (ADALYs) to quantify the health impacts of clean heating and cooking interventions.

There's much work to be done to achieve the aims of the climate and development agendas, and the clock is ticking. But through the groundwork put in place in 2016 and with the strength of the Gold Standard community behind us, together we can make a meaningful contribution to building a more sustainable and climate-secure world.



Marion Verles

Marion Verles, CEO of Gold Standard

OUR VISION + MISSION

The Global Goals in our sights

OUR VISION

Climate security and sustainable development for all.

OUR MISSION

To catalyse more ambitious climate action to achieve the Global Goals through robust standards and verified impacts.

WHAT WE DO

Setting the benchmark for climate + development initiatives



Established in 2003 by WWF and other international NGOs, Gold Standard is a standard and certification body that stands for the best that can be achieved in climate and development projects. We certify projects and project impacts, using strict criteria to ensure that every project awarded Gold Standard status protects our climate and benefits local communities as much as possible.

The difference we make is to ensure that each dollar of funding goes further. Every project certified under Gold Standard must not only reduce or capture carbon emissions, but must also contribute to at least three of the UN Sustainable Development Goals. In this way, lowering greenhouse gas emissions also leads to impacts like new jobs, better gender equality, improved health, and the protection of natural ecosystems, biodiversity and endangered species.

In 2016 we dedicated our efforts to building Gold Standard for the Global Goals, a next-generation standard designed to accelerate progress toward the Paris Climate Agreement and the 2030 Agenda for Sustainable Development. By quantifying and certifying the impacts of climate and development projects toward climate security and sustainable development, it provides businesses, governments and investors with new opportunities to accurately measure and report progress toward specific Sustainable Development Goals.

To find out more, visit www.goldstandard.org

OUR VALUES

Our guiding principles

Photo Credit: Prony wind farms, New Caledonia, South Pole Group



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 standards, programmes and tools that can be integrated to deliver impacts at a greater scale.

Photo Credit: Water Access project, Water Health India. © First Climate



COLLABORATIVE

To realise our ambitious vision of climate security and sustainable development for all, we have cemented relationships with strategic partners who share our goals and complement our strengths, and are always on the look-out for new opportunities to collaborate.

Photo Credit: Water Access project, Water Health India. © First Climate



RIGOROUS

We are building upon our reputation for quality and rigour with more robust measurement of outcomes, stronger safeguards and greater impact across the Sustainable Development Goals.



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.

GOLD STANDARD CERTIFIED PROJECTS

Positive impact built to last



Gold Standard
improved cookstoves

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.



Gold Standard
biogas energy

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 fertiliser, aiding crop growth and yields. They minimise 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.



Gold Standard
wind energy

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 realise outcomes in climate security, biodiversity conservation and ecosystem services. Livelihoods of the poor are improved both through the creation of new local employment opportunities in 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.



Gold Standard
forestry projects

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 by increasing biodiversity and creating employment opportunities.



Gold Standard
safe water access

Water filter projects provide people with greater access to safe drinking water – the source of life. Carbon finance has enabled these types of projects to become economically sustainable, providing significant improvements to public health and household welfare. The projects displace the use of firewood fuel traditionally used to boil water for domestic consumption. So as well as significantly reducing emissions, these types of projects 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, including more employment opportunities and less time and money spent acquiring fuel for cooking.



Gold Standard
improved agriculture

With climate change, water scarcity, land degradation and additional damage to the environment as well as the need to produce 50% more food to feed an expected 9.1 billion people by 2050, global food production must increase in real terms by 75% to provide enough food for a growing population. Gold Standard certified agricultural projects work to ensure food security by increasing agricultural productivity and the income of smallholders, adapting and building resilience to climate change, and reducing and/or removing greenhouse gas emissions. In addition, projects focus on the drivers of deforestation for the management of farms, crops, and livestock to help empower small holder farmers to produce more with less.

OUR NETWORKS

■ We're a proud member of the following networks

- » Carbon Pricing Leadership Coalition
- » Ceres Coalition
- » ISEAL Alliance (as a subscriber seeking full membership)
- » International Renewable Energy Agency (IRENA)
- » Natural Capital Coalition
- » UN Sustainable Development Solutions Network (SDSN)

OUR STRATEGY

Theory of Change and 2030 Vision

In 2016, as we focused on **building the foundation** to deliver on the ambitions embodied in the previous year's adoption of the **Paris Climate Agreement** and the UN **Sustainable Development Goals**, we also reviewed and refined the bedrock of our strategy.

In 2016, we formalised a new mission: **To catalyse more ambitious climate action to achieve the Global Goals through robust standards and verified impacts.**

THEORY OF CHANGE

If Gold Standard creates robust standards for climate and development projects, with the goal of enabling the measurement and monetisation of climate and sustainable development outcomes, then by 2030 it will have created \$100 billion in shared value for climate action and sustainable development.

IMPACT BY 2030

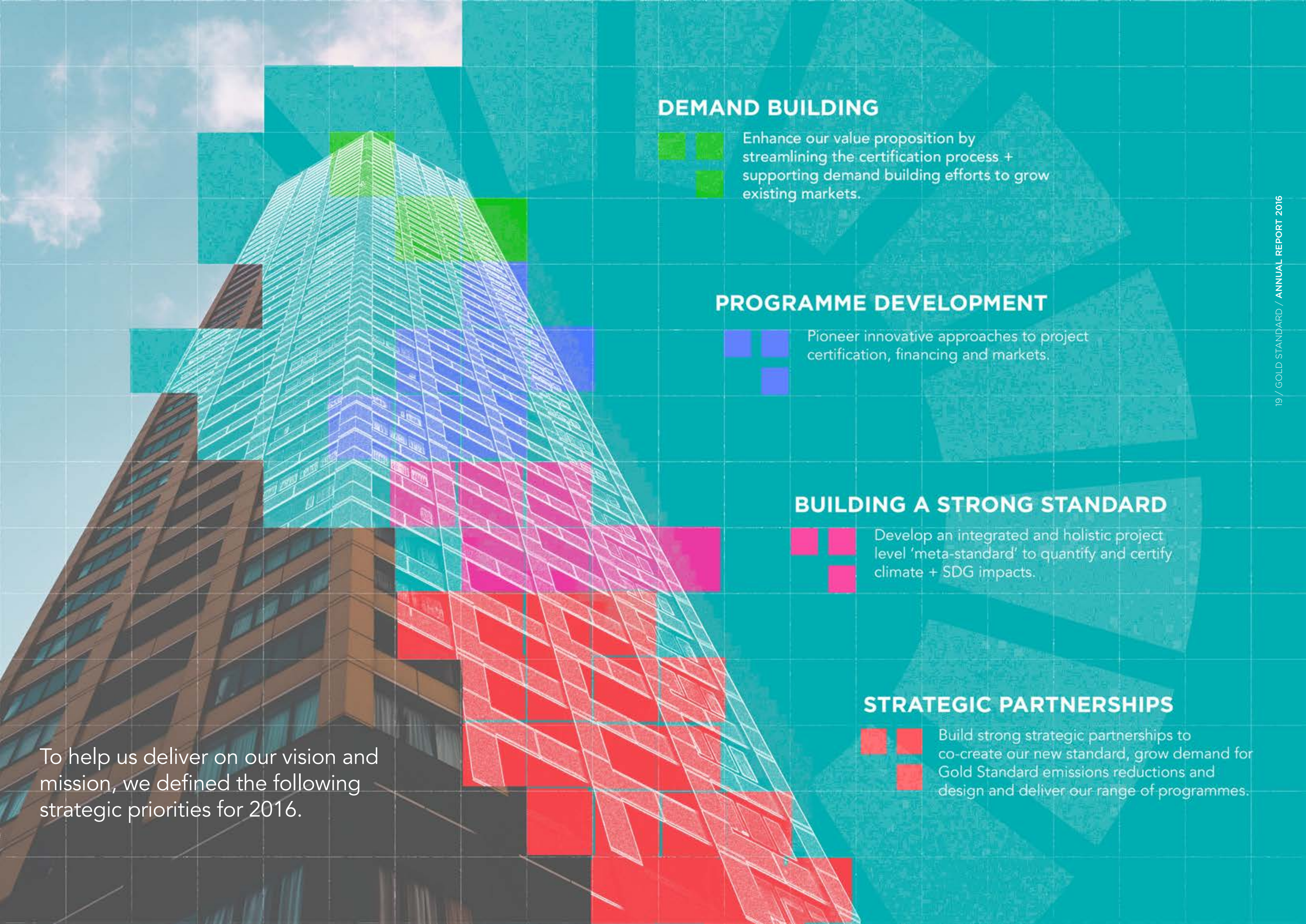
By **2030** Gold Standard will create **\$100 billion in shared value** for climate action and sustainable development.

MISSION

To catalyse **more ambitious climate action** to achieve the Global Goals through robust standards and verified impacts.

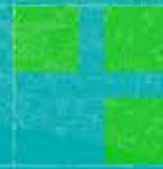
VISION

Climate security and sustainable development for all.



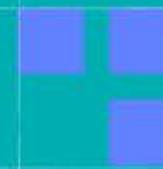
To help us deliver on our vision and mission, we defined the following strategic priorities for 2016.

DEMAND BUILDING



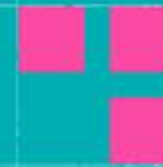
Enhance our value proposition by streamlining the certification process + supporting demand building efforts to grow existing markets.

PROGRAMME DEVELOPMENT



Pioneer innovative approaches to project certification, financing and markets.

BUILDING A STRONG STANDARD



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

STRATEGIC PARTNERSHIPS



Build strong strategic partnerships to co-create our new standard, grow demand for Gold Standard emissions reductions and design and deliver our range of programmes.

OUR IMPACT

Total emission reductions issued and retired

In 2016 Gold Standard projects reduced over 13 million tonnes of greenhouse gas (GHG) emissions from the atmosphere – enough to account for the annual emissions of nearly 1.4 million homes in the United States.

The table below provides a breakdown of these verified emission reductions (VERs) – widely known as carbon credits – in both the compliance and voluntary carbon markets. We also show how many voluntary emission reductions were retired (e.g. used to compensate an organisation’s carbon footprint) in 2016.

	Q1	Q2	Q3	Q4	2016 Total
CERs issued	609,042	707,364	855,966	420,090	2,592,462
VERs issued	1,881,259	3,869,568	1,761,856	2,805,384	10,318,067
Validated CO2 Certificates (A/R)	41,355	74,636	106,568	8,198	230,757
Total Issuances	2,531,656	4,651,568	2,724,390	3,233,672	13,141,286
Total retirements of VERs	1,879,526	1,972,757	1,304,996	2,034,860	7,192,139

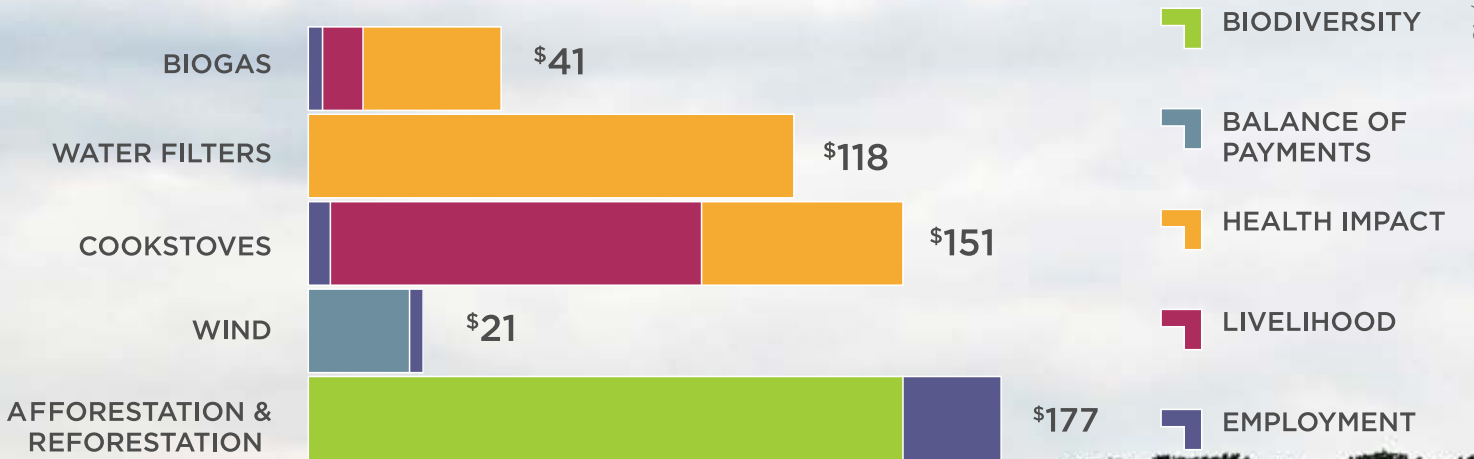
Project Type	ERs issued 2016	ERs retired 2016
Afforestation / Reforestation	300,869	85,817
Biogas	1,475,586	573,733
Biomass	704,157	166,032
Geothermal	0	59,662
Hydro	372,990	268,565
Solar	697,749	342,626
Wind	2,918,667	2,061,574
Cookstove	5,201,261	1,987,646
Energy efficiency - Agriculture	0	61,052
Energy efficiency - Other	261,065	334,441
Water Purification	125,332	817,155
Waste Management	1,083,610	433,836
Total	13,141,286	7,192,139

The table to the left summarises the distribution of Gold Standard emission reductions issued and retired by project type in 2016.

A comprehensive and independent valuation commissioned by Gold Standard in 2014,¹ found that Gold Standard certified projects deliver between \$21 and \$177 in additional value toward the Sustainable Development Goals for every tonne of CO2 mitigated. With the right requirements and safeguards in place, these projects deliver benefits to vulnerable communities around the world that can be life-changing: empowering women and girls, providing new local jobs, improving health, protecting biodiversity – just to name a few.

This research report focused on specific Gold Standard project types. We intend to commission new research in 2018 to analyse the ‘beyond carbon’ benefits of the full range of Gold Standard project types.

Additional environmental and socio-economic benefits delivered per tonne of reduced CO2 emissions

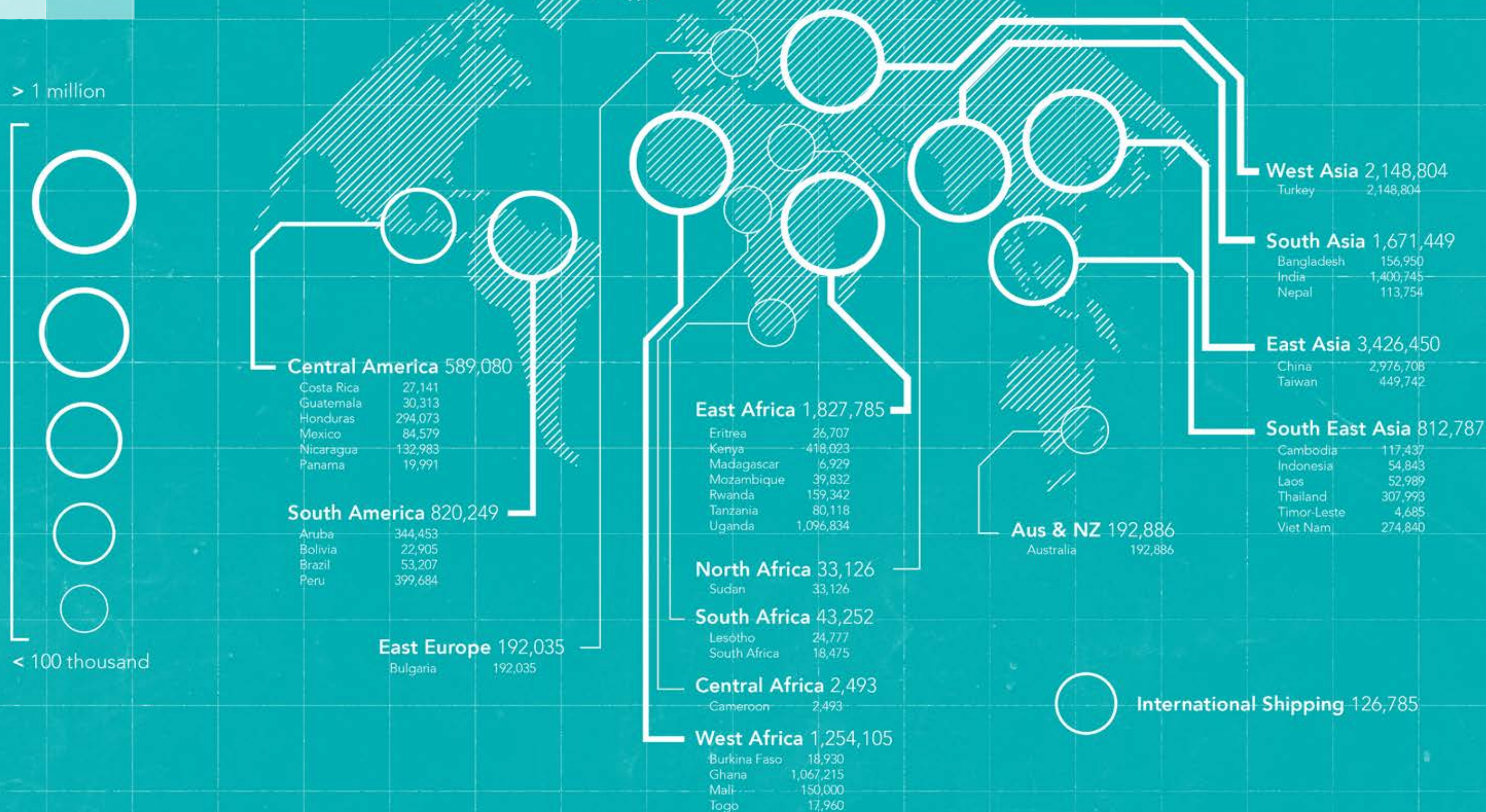


1. A Net Balance Report for the Gold Standard Foundation (2014). Available at: <https://www.goldstandard.org/blog-item/report-real-value-robust-climate-action>

OUR IMPACT

Carbon reductions by geography

In 2016 we issued carbon credits from projects in 39 different countries around the world. The visual below provides an overview of where these issuances took place.



2016 ACHIEVEMENTS

Building a strong standard

In 2015, the adoption of the Paris Climate Agreement and the Sustainable Development Goals posed a new challenge to everyone working in the climate space. These two agendas were now clearly integrated. They were ambitious. And they presented a new language, changing rules and emerging schemes. While Gold Standard had worked for years at the intersection of climate and development, we recognised in 2015 that we needed to do two things in order to make a meaningful contribution to the new global ambition: 1) Restructure to remain relevant, and 2) Raise our own ambitions.

But how?

To answer this question, we followed a typical engineering process. In 2015, building on Gold Standard's core thesis, we defined the problem: Now more than ever, climate action could not be one-dimensional. Efforts to reduce greenhouse gas emissions must be holistic and high-impact, and must help the world develop on a sustainable pathway – providing access to clean energy and water, good health and nutrition, secure livelihoods, and thriving ecosystems. But just as importantly, we needed to scale.

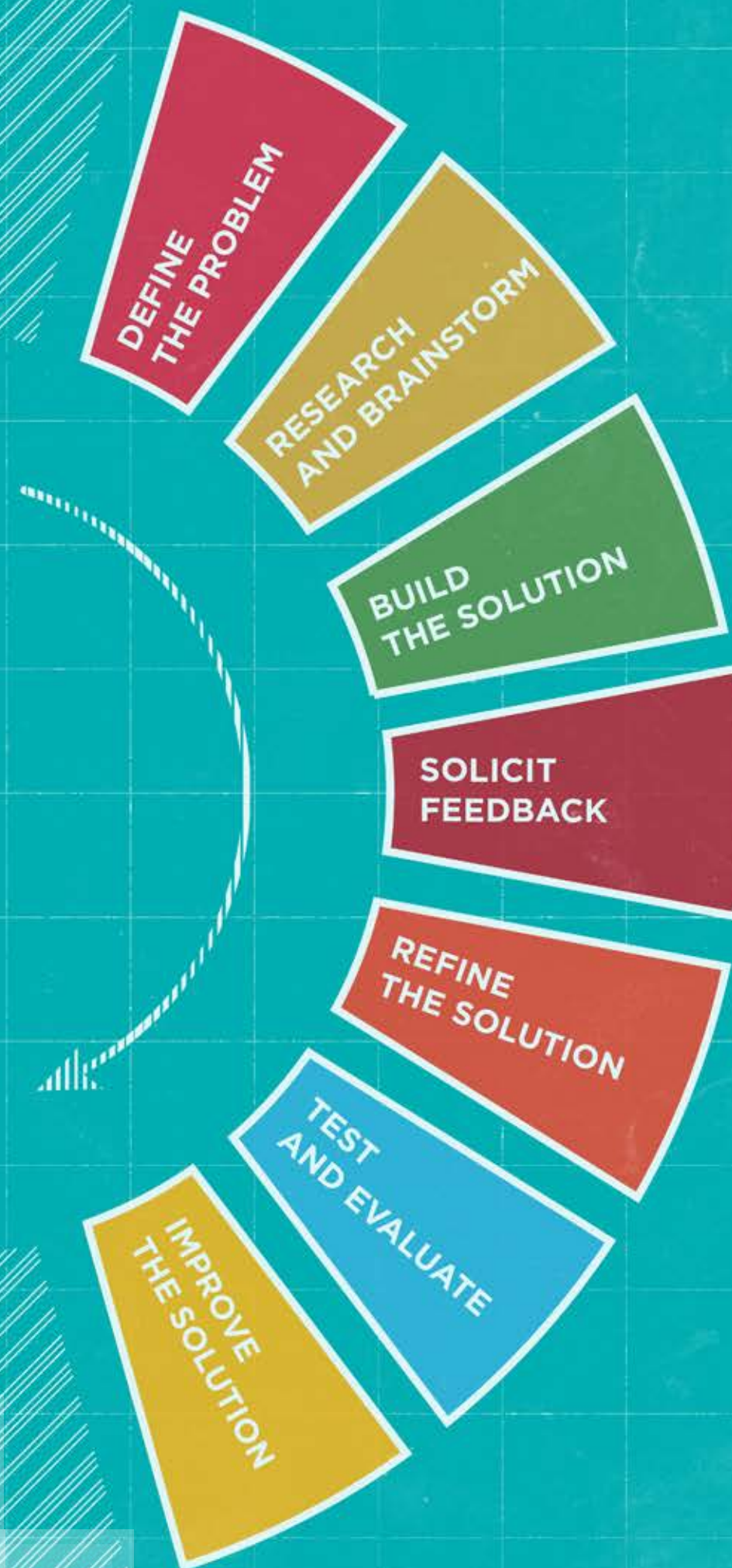
After brainstorming with our internal team, project practitioners, and thought leaders, we concluded that to be most effective in the new era, our own infrastructure needed to reflect the integrated and holistic nature of successful projects on the ground. The solution was to integrate and evolve our previous standards for Energy, Land Use and Water to create one comprehensive standard that represented the next generation of Gold Standard, then called "Gold Standard 3.0".

In 2016, we focused our efforts on building the solution – creating the infrastructure atop the groundwork laid in 2015. Having dissected each of our standards and identified what was strongest among them, we developed a robust, holistic and flexible standard that could adapt and be customised according to the different needs and contexts of a wide range of climate and development interventions.

As part of the development process, we accomplished the following over the course of the year:

- » Became ISEAL subscribers and developed the standard to reflect ISEAL codes of good practice
- » Researched and convened expert groups including project practitioners to assess the state of play for best practice, to enhance our core safeguards and stakeholder engagement across various disciplines – from community cookstove projects to large-scale renewable energy or forestry activities
- » Built the new standard with a structure based on the concept of customisable 'impact pathways' to deliver the right safeguards, requirements, and methodologies at the right time based on project context, scale, and desired impacts
- » To solicit feedback to the first version or 'prototype' of this standard, we held the first public consultation and analysed feedback from our stakeholders
- » Began refining the standard based on consultation input and developments from negotiations around Article 6 of the Paris Agreement, which sets the rules for market mechanisms
- » Initiated the development of innovative certification solutions to launch in 2017, such as 'certified statements of impact' to help Gold Standard-certified projects remain fit-for-purpose under the new rules of the Paris Agreement and to allow for large-scale interventions
- » Developed and launched new branding, "Gold Standard for the Global Goals", to reflect the standard as a mechanism to ensure climate action helps accelerate progress toward the Sustainable Development Goals

With enhanced safeguarding principles that reflect current best practice, alignment to the SDGs, and innovative approaches to certification, this standard will enable a broad range of projects to quantify, certify and maximise impacts toward climate security and sustainable development. This standard provides businesses, governments and investors with new opportunities to accurately measure, report and track progress toward climate and Sustainable Development Goals' targets.



2016 ACHIEVEMENTS

Programme Development

Creating innovative certification solutions to quantify, certify and maximise climate and SDG impacts.

In addition to developing the core standard, we are proud to have collaborated with a range of strategic partners in 2016 to research, develop and test methodologies, standard modules, and tools for practitioners to enable best practice project design and the delivery of verified climate and development impacts.

Quantification of health impacts with ADALYs



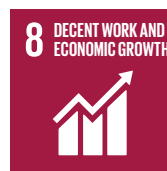
We held our first public consultation of our new health impact methodology, with the aim of publishing and piloting the final methodology in 2017, as part of Gold Standard for the Global Goals.

This pioneering new programme enables projects to quantify the health benefits delivered by clean heating and cooking technologies, using Averted Disability Adjusted Life Years (ADALYs) as the impact metric. The ADALYs methodology calculates the number of years of healthy life saved by reducing personal exposure to indoor air pollution in the form of black carbon or particulate matter.

Our thanks to the following organisations for supporting the ADALYs Methodology:

- » Australian Aid
- » Ken Newcombe, C-Quest Capital LLC.
- » Inter-American Development Bank
- » The Goldman Sachs Center for Environmental Markets
- » Kirk R. Smith, University of California, Berkeley
- » World Vision Australia

Smallholder Dairy Methodology



In November 2016, we released the Gold Standard Smallholder Dairy Methodology, developed in partnership with the Food and Agriculture Organization of the United Nations (FAO), the International Livestock Research Institute, and the Ministry of Agriculture of Kenya. By linking productivity gains to greenhouse gas emission reductions and impacts toward the Global Goals, the methodology unlocks new streams of finance for smallholder dairy producers and channels funds for developing countries to meet their climate and development objectives. In turn, these impacts can be leveraged by companies seeking to meet growing demand for dairy products while cutting emissions.

“With [the Smallholder Dairy Methodology], climate finance can now have a role in smallholder dairy development, which is a major development from where we were a few years ago. This is great news for the dairy sector because this methodology will help to channel finance to projects that have real impacts on the livelihoods of millions of smallholder dairy farmers.”

*Henning Steinfeld,
Chief of the Livestock Information, Sector Analysis and Policy Branch of FAO.*

2016 ACHIEVEMENTS

Programme Development

Sustainable Urban Development



We collaborated with partners on a series of activities to help unlock and scale-up investments in city-level low-carbon projects. In the first half of 2016, we worked with Climate-KIC, WWF, ICLEI – Local Governments for Sustainability, and South Pole Group to develop and publish two reports. The first, a Gap Analysis Report, outlined the main barriers to financing urban climate action. A second report detailed a new pilot project in Cali, Colombia that demonstrates how results-based finance can successfully unlock funding in the urban context.

Having identified the key barriers to financing urban development, we developed a new framework with the support of Climate-KIC and the European Institute of Innovation and Technology (EIT), and in collaboration with our partners, the South Pole Group and ICLEI – Local Governments for Sustainability. This framework was designed to unlock new avenues of funding for clean technology and sustainable development in cities around the globe. With appropriate safeguards, governance systems and stakeholder engagement built in, the Sustainable Urban Development module within Gold Standard for the Global Goals will help urban developers design and implement best practice projects, and will allow them to quantify and communicate social and environmental impacts such as cleaner air and improved health, to attract investment and gain public support.

Water Access and WASH methodology



After extensive road-testing, we published our Water Access and WASH Methodology to quantify the impact of projects that provide access to clean and safe water. Water Access projects focus on access to water for human ingestion, while WASH projects concern the hygienic use of water for a range of purposes, including food preparation, bathing and laundry. We developed the methodology in partnership with Whave Solutions Ltd. under the Water Benefit Standard launched in 2014, which is now integrated into the broader framework of Gold Standard for the Global Goals.

Cool Farm Methodology

In January 2016, our Cool Farm Methodology was opened to public comment. The methodology helps farmers calculate their greenhouse gas emissions and identify 'hot spots' and areas of opportunity to reduce emissions based on their individual geographies and practices. By subsequently implementing climate-smart interventions, farmers can calculate how many of their emission reductions are eligible for Gold Standard carbon credits. The Cool Farm methodology was developed in partnership and with the support of the Cool Farm Alliance, UNIQUE, HIVOS, Climate-KIC, Solidaridad and CEDECO and will be a feature of Gold Standard for the Global Goals following pilot testing in 2017.

Improved Cookstove Activities Guidebook and Factsheet

As part of our ongoing efforts to streamline and enhance our certification processes, we published the Gold Standard Improved Cookstove (ICS) Methodology Guidebook, with support from Fundación Natura's MVC Colombia initiative, to assist project developers with evaluating and choosing the methodology that is best suited to their cookstove project. The effort was partially funded by the Global Environment Facility through the Inter-American Development Bank.

This new tool complemented our ICS Activities Guidebook – also published in 2016 – which focuses on the challenges and opportunities of implementing improved cookstove projects. The ICS Activities Guidebook was developed with Microsol and funded by the Inter-American Development Bank and World Vision Australia as a part of the Financing Efficient Cookstoves for Rural Andean Communities programme. We also released a new [Fact-sheet](#), in partnership with Fundación Natura Colombia, to guide project developers in developing Gold Standard energy projects.

“Climate-KIC supports the Gold Standard for the Global Goals as part of our Low Carbon City Lab programme, as it provides cities, authorities and developers with a pragmatic tool to take action at city level. The Standard also helps to quantify numerous social and environmental co-benefits. This framework will not only contribute to facilitating investments in low carbon action within cities but also ensure that subnational authorities’ contributions to the global fight against climate change are duly recognised and quantified.”

Victor Gancel,
Low Carbon City Lab Programme Manager, Climate-KIC.



2016 ACHIEVEMENTS

Demand Building

The Gold Standard team works to garner support for our approach and build demand for our certification solutions in a number of dimensions. Our efforts include events marketing in a range of policy summits, corporate sustainability events, climate and development 'industry' conferences, and topical meetings related to project implementation. Corporate outreach continues to deepen. We are developing more policy briefs and thought leadership pieces to capture both the need for our solutions and the impact they deliver. Our direct communications reach more than 10,000 stakeholders and our social media engagement outpaces the standards our projects compete with and continues to grow consistently. Securing partnerships underlies all our activities, including demand building, to extend the Gold Standard supporter network to include influential voices and organisations in the field of climate and development.

Gold Standard 2016 Conference: Grow to Zero (14-15 April 2016)

Hosted in Zurich, Gold Standard's two-day 'Grow to Zero' conference explored the theme of how we, as a global community, can get to 'net zero' – zero hunger; zero poverty; zero net-GHG emissions; zero net-deforestation; zero biodiversity loss – while sustaining growth along the way. The conference brought together players from all sectors of the sustainability value chain to exchange views and knowledge on how to accelerate impact toward meeting the targets set by the Paris Climate Agreement and Sustainable Development Goals.

Thomas Vellacott, CEO of WWF Switzerland & member of the Gold Standard Board of Directors, launched the event with an inaugural keynote address, highlighting the integral role standardisation and verification frameworks will play in bringing the planet back on a sustainable trajectory. Speaker and panelists represented a broad range of stakeholders from a diverse set of organisations, including AkzoNobel, CARE International, CDP, the Duchy of Luxembourg, Ferrero, the Global Alliance for Clean Cookstoves, ISEAL, L'Oréal, Tata Technologies and the UNFCCC Secretariat.

Sessions explored the future of carbon markets, ongoing relevance of standards and innovative finance mechanisms for funding high-impact climate and development impacts. The discussion also focused on key trends, expectations and opportunities in the private sector, with a focus on how businesses can use environmental markets to contribute to and benefit from the Sustainable Development Goals.

Gold Standard also gathered input from our stakeholder community to conclude our first consultation of Gold Standard for the Global Goals and shared our long-term vision for the standard.

COP 22 UN Climate Change Conference (7-18 November 2016)

A year following the historic adoption of the Paris Climate Agreement, we were honoured to participate in the 22nd Conference of Parties (COP 22) in Marrakech, Morocco. In partnership with the Wuppertal Institute, we hosted an official COP side event exploring opportunities within the Paris Climate Agreement to raise ambition for climate action and sustainable development, and the most effective pathways for doing so within post-2020 market mechanisms.

Gold Standard team members presented at a workshop on the role of standards in implementing the Paris Climate Agreement, a side event discussing the benefits of cleaner cooking technologies for greenhouse gas mitigation, and a breakfast event on how inseting can help companies reduce their carbon footprints from within their value chains. We also jointly hosted with the UNFCCC Secretariat a roundtable with several national government representatives to share the vision for our future partnership aimed at increasing ambition among corporates, cities and sub-national governments.

Other events

Beyond hosting our own conference, Gold Standard participated in and presented at a number of events in 2016. Climate industry events included Carbon Expo, the Climate Technology Initiative workshop, Carbon Forward, and COP22 (see details above). Our corporate sustainability presence focused on the Responsible Business Summit, the launch of the Natural Capital Protocol, the Sustainable Investment Forum and Climate Week NYC. To kick off our market assessment to profile buyers of SDG impacts, we also participated in several roundtables facilitated by the World Bank Group. Other events included ISEAL's conference, the ANUGA food fair, FAO symposia, the Geneva Forum for Sustainable Investment, and more.



grow
to zero

presented by
Gold Standard

2016 ACHIEVEMENTS

Demand Building

Gold Standard Market Reports: Better information for better decision-making

In April 2016, we launched the Gold Standard Supply Report (since renamed 'Market Report'), which provides up-to-date data on issuances and retirements of Gold Standard emission reductions. The aim of these new reports is to help increase transparency and build greater understanding around the complexities of carbon markets, especially with regards to demand for emission reductions according to project type and geography and how these factors can impact the cost of carbon credits. These reports also included features on hot topics such as the cost of carbon credits, as well as best practice sharing from major global companies.

Gold Standard Thinking

In 2016, thought leadership pieces published by Gold Standard included an article from the head of WWF's Climate and Business practice discussing the critical role of offsetting in a post-Paris world; a commentary from Swiss retailer Coop on the importance of sustainability for ensuring long-term corporate success; and advice from an independent sustainability expert on how companies can use the SDGs to achieve net-positive impact. Our CEO, Marion Verles, also offered her perspective on the prevailing myths around sustainable development in carbon markets and how we can design future markets to leverage sustainable development as a means to stimulate even greater climate ambition.

Partnership with Science Based Targets on Corporate Climate Leadership

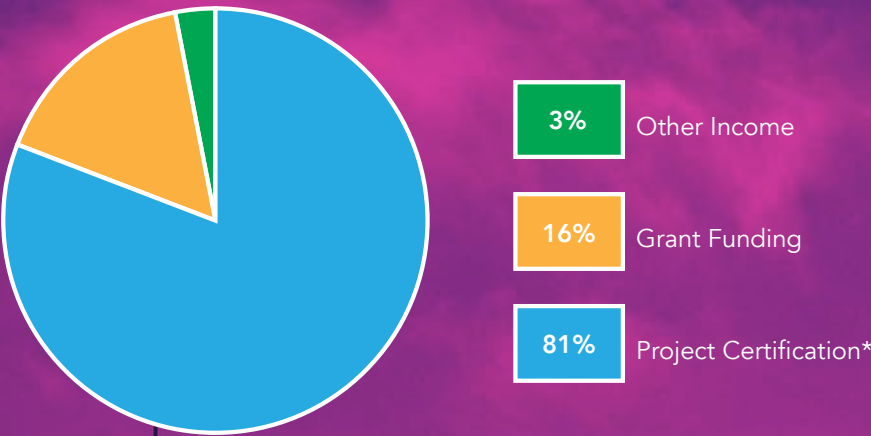
In 2016, we teamed up with Science Based Targets partners - CDP, WWF, WRI and the UN Global Compact - to embark upon a Corporate Climate Leadership initiative to define best practice for corporate climate strategies. A core component of the programme was to create a new paradigm for voluntary offsetting to ensure its relevance in context of the Paris Agreement as a mechanism for climate finance. The partnership is also working to provide corporates with the incentives they need and the recognition they deserve by going beyond internal emission reductions to help channel much needed finance to the low-carbon transition.

To kick off this programme, we held a 2-day workshop with the Science Based Targets partners. We then reached out to corporate stakeholders, including through a roundtable at Climate Week NYC to share the vision of this initiative and further explore the role of business in financing emission reductions in order to fill the gap left by the Nationally Determined Contributions within the Paris Climate Agreement. This engagement informed the development of Corporate Climate Leadership guidelines for publication in 2017.

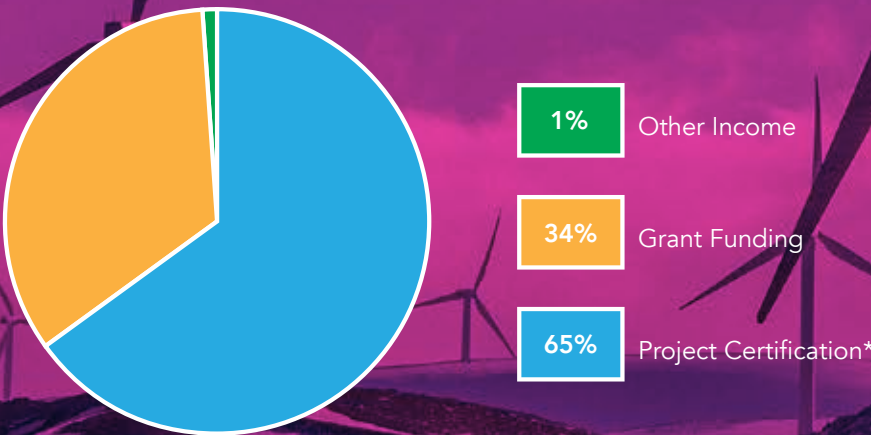
FINANCIALS

FY 2014 - 2016

Revenue 2015



Revenue 2016



* includes 'SoP' sale of credits (Share of Proceeds)
 ** Staff cost, Contractors, Consultants, Admin, Travel, Offices

2016 saw a significant loss (\$715k) triggered by lower than expected registration income and higher costs arising from investments into Gold Standard for the Global Goals.

Revenue

At \$2.7m, revenue decreased by 23% compared to 2015. Grant funding increased by 62% (representing 34% of total revenue) as we invested in the development of Gold Standard for the Global Goals. With our funders’ support, we were able to start the development of new methodologies (ADALYs, Gender), develop context-specific guidelines for Sustainable Urban Development, and work with the Science Based Targets to reposition offsetting in light of the new Paris Agreement policy framework. The decrease in certifi-

cation income was mostly due to the lower number of new projects (registration fees). Issuances in 2016 declined by 9% compared to 2015.

As a response to declining income from registration fees, we revisited our fee schedule to better reflect underlying certification costs between registration and issuance fees and the balance between our ‘cash’ and ‘share of proceeds’ payment scheme.

Expenses

2016 was a year of investment to develop the necessary infrastructure for our future standard. The increased activity on funded programs resulted in higher operating expenses.

Table 1: Income Statement 2014 - 2016

(in USD '000)	2014	2015	2016
Project Certification*	2'569	2'847	1'749
Grant Funding	748	571	927
Other Income	111	91	30
Revenue	3'428	3'509	2'707
Selling, General & Admin**	3'015	2'469	2'887
Registry & Systems	250	249	265
Governance	104	105	154
Marketing & Events	130	56	100
Other	29	7	10
Operating Expenses	3'528	2'886	3'416
Net financial income	(63)	(47)	(57)
Extraordinary income/expenses	65	(293)	51
Surplus (-deficit) for the year	(98)	283	(715)

Table 2: GS Revenue from Certification Fees 2014 - 2016

(in USD '000)	2014	2015	2016
Registration fees	1'014	850	572
Issuance fees	1'017	774	706
Validation & Verification fund	297	462	329
Other fees	199	172	95
Total	2'527	2'258	1'702

The new standard and its methodologies required collaboration with external experts and the oversight and approval of our Technical Governance Committee (TGC). In addition, hosting the Gold Standard conference during Q2 (April 2016) also increased our cost base.

2017: early results

To date, Gold Standard is on track to deliver its 2017 financial targets and is regaining financial stability. During the first half of the year, we underwent cost restructuring. Certification revenue has since strengthened and we continue to engage in new funded programmes and strategic partnerships.

OUR FOOTPRINT

Compensating for our carbon emissions

BUSINESS TRAVEL

Transportation Mode	km	tCO ₂
Flight	998,508	276.9
Train	22,496	1.1
Car	25,000	4.1

ELECTRICITY

Cost (EUR)	kwh	tCO ₂
509.75	2,294	0.5

PRINTING

Cost (EUR)	Total weight (t)	tCO ₂
5000	0.4	0.5
Waste Management	1,083,610	433,836
Total tCO ₂		283
50% buffer		142
Total to offset		425

Our own operations are a model for sustainable working practice. Our staff, working in 10 countries in 2016, 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 who 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 above shows the results from our 2016 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 142 additional carbon credits on top of that calculated for our footprint. Staff also use Climate Credit Cards issued by cornècard for work related purchases, which link activities or purchases with the retirement of carbon credits from Gold Standard projects.

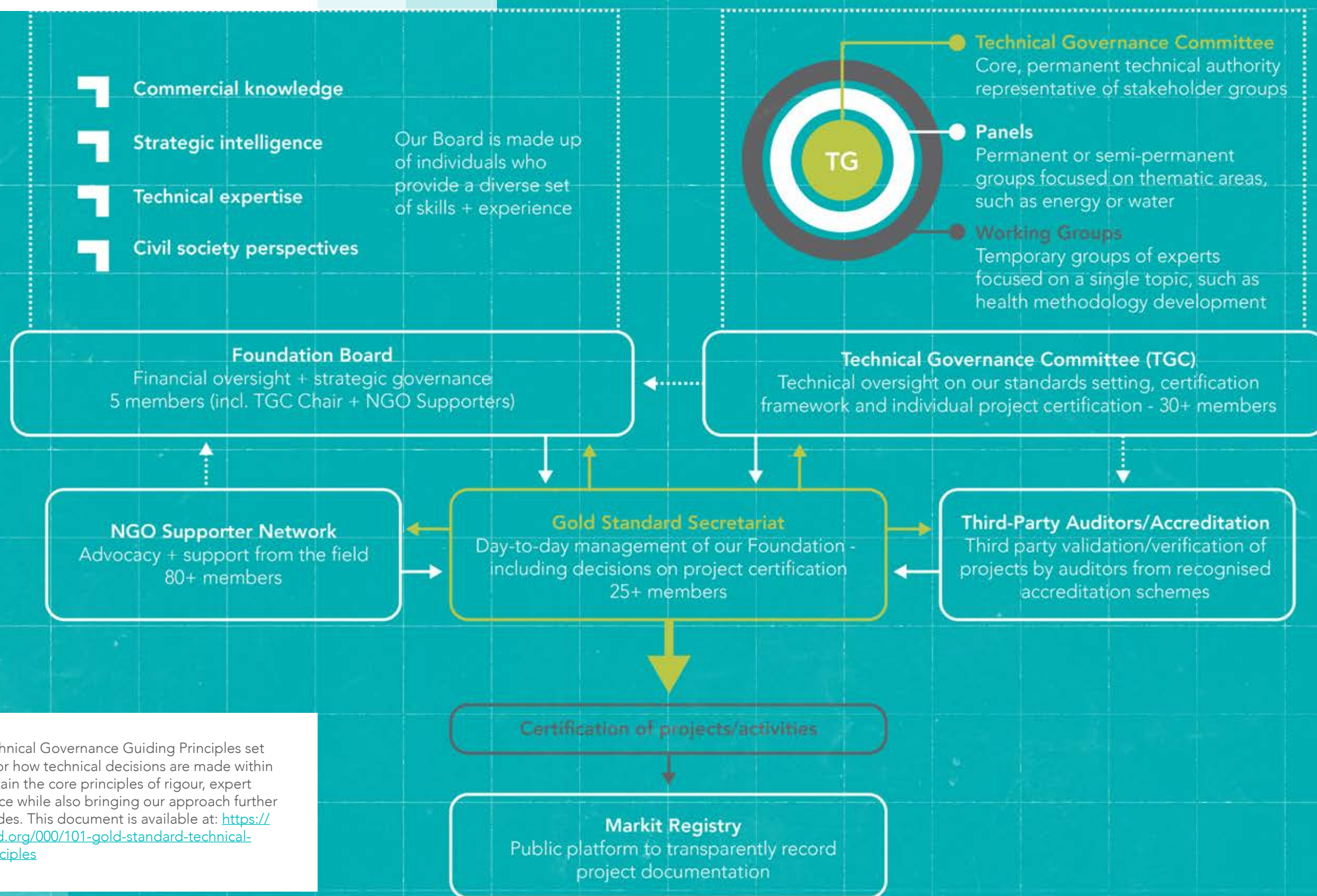
We have offset our emissions by retiring 425 emissions reductions from the Gold Standard Zhangbei Wind Power Project (GS424) in Hebei Province, China. The project installed 66 wind turbines to generate zero-emissions

renewable energy – electricity which would otherwise have been drawn primarily from fossil fuel power stations.

Beyond climate change and air quality benefits, the project created 165 temporary jobs during planning, commissioning and construction, and 17 permanent jobs for its operation. The project owner operates a shuttle bus that takes staff from their homes to the wind farm, and also constructed a well on-site that the local community can use instead of collecting water from a nearby river. Local residents, businesses, schools, governments and not-for-profits were consulted before and during project implementation, resulting in strong support for the project and its environmental, social and sustainability impacts.

OUR GOVERNANCE

How we are governed



Our newly-published Technical Governance Guiding Principles set out the key parameters for how technical decisions are made within Gold Standard. These retain the core principles of rigour, expert opinion and independence while also bringing our approach further in line with the ISEAL Codes. This document is available at: <https://globalgoals.goldstandard.org/000/101-gold-standard-technical-governance-guiding-principles>

SPONSORS & PARTNERS

Thanking our supporters and collaborators

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. Their 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.

SPONSORS

Public Funders



Partner organisations



OVERLOOK INTERNATIONAL FOUNDATION

Foundations



Companies



In addition to the organisations above, we'd like to credit the following individuals:

- » Kirk R. Smith, University of California, Berkeley
- » Ken Newcombe, CEO, C-Quest Capital LLC

STRATEGIC PARTNERS

We collaborated with several strategic partners in 2016. These are:



We would also like to thank the many other organisations that shared their knowledge, expertise and support for Gold Standard in 2016.

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 sandra.genee@goldstandard.org (private sector) or Bernardo.Lazo@goldstandard.org (public sector, private sector foundations, multilateral organisations and NGOs).



Photo Credit: Solar Cooker Project, Ningxia province, China. Ningxia Federal Intertrade

