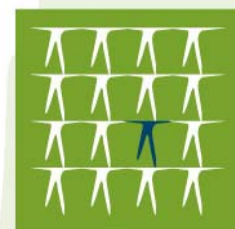


socialcarbon
THE SUSTAINABLE CARBON COMPANY



Application for: Green Dot Awards

Categories: Services and
Concept Category

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Social Carbon Company

Executive Summary

The Social Carbon Company (SCC) is an enterprise specialized in developing carbon emissions reduction projects through the application of the Social Carbon™ Methodology, and in providing advice and carbon management services to project developers in the Verified Emissions Reduction (VER) Market. The company brings innovation into the carbon markets by seeking to achieve not only carbon credit generation, but also an optimized balance of social, human, financial, natural and biodiversity/technological improvements. Moreover, the company has developed a unique project financing model that can be used to produce carbon projects of all sizes, and in the areas most threatened by climate change and environmental degradation. The SCC model is specifically designed to work with small and medium enterprises that are located in developing countries, where access to traditional financial and technical resources is limited. The company currently aims to expand its global impact through the implementation of a franchise system that will enable a substantial replication of its methodology as a business model, and that will thus increase the number of effective, socio-environmentally sustainable carbon projects around the globe.

Background

The Social Carbon™ Methodology (SCM) was developed by the non-profit Ecologica Institute in response to the need of guaranteeing that greenhouse gas reduction projects encompass sustainable development issues, and to establish a transparent tool to measure and monitor the social gains arising from these projects. Over the past ten years, the methodology was periodically evaluated and improved, and was adapted for application in different types of climate change mitigation projects.

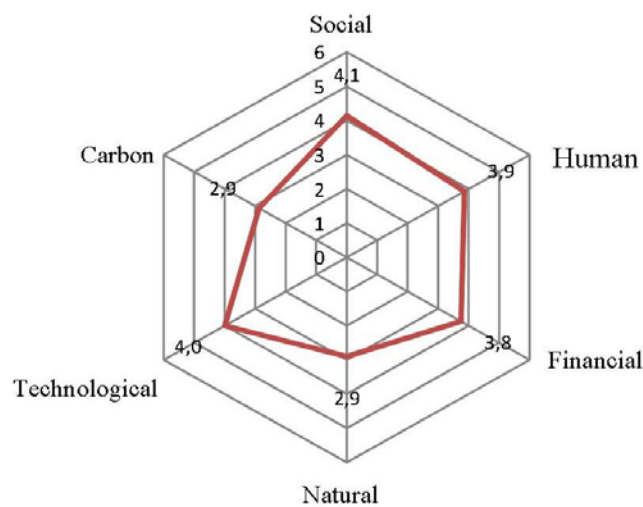
The Social Carbon Company was created to apply the SCM in carbon credit projects, as corporations, non-profits, and individuals around the world are increasingly seeking to voluntarily offset their carbon emissions and to develop effective Social & Environmental Responsibility Programs. The SCC acts as the mediator between carbon project developers and these diverse clients, while also providing consultancy on the improvement of projects in order to deliver meaningful contributions to the environment and to the social development of local communities.

Additionally, the Social Carbon Company has the aim of disseminating SCM, with the objective of replicating it worldwide. The company has developed over eighty replication projects in Latin America alone, and has recently created a franchise model that will extend the methodology and the opportunities represented by the carbon market to small and medium enterprises across the globe.



The Methodology

Following the identification of a project with potential for applying the SCM and for generating carbon credits, an agreement between the Social Carbon Company and the project developer is established. From this agreement, the SCM is applied, enabling the project developer to commercialize the generated carbon credits under the Social Carbon™ Standard, which has a high trading value in the VER market when compared to other standards. The next step is the creation of a Project Design Document and the Social Carbon Report, which describes the current state of the enterprise, according to a hexagon-shaped chart that values social, human, financial, natural, carbon and biodiversity/technological aspects, as follows:



- Social: values the relationship of the enterprise with its employees and with the community, including its conformity with the labor legislation, the benefits it provides to employees, social inclusion within the company, participation of the local community in the project, etc.
- Human: values the personal development of employees, including their education level, health conditions, capacity-building courses, etc.
- Financial: values the economical state of the company, including its income, revenue, profitability, production costs, etc.
- Natural: values its sustainability, including its use of water and raw materials, environmental management plans, energy efficiency, compliance with environmental legislation, treatment of residues, etc.
- Carbon: values the performance of the carbon emissions reduction project specifically, including its efficiency, specificities, the involvement of stakeholders, its social return, etc.
- Biodiversity/Technology: This aspect varies according with the nature of the project. It can value aspects related to the good use and preservation of biodiversity or related to the implementation, quality control and efficiency of the technology used in the project.

Each aspect is given a value from one to six according with their correspondence with six different scenarios that illustrate from critical (one) to ideal (six) performances.

After the initial assessment (Point Zero), an action plan is proposed in order to increase the performance of indicators and gradually optimize all the six aspects. The project





developer is committed to investing part of the carbon credit income in carrying out with the action plan. Annual revaluations of the six aspects are executed during the lifetime of the project in order to assess advancements and propose new interventions that may continue to increase the performance of each indicator. Such assessments are certified by the Ecologica Institute, a renowned Brazilian NGO specialized in Climate Change, as a means to ensure credibility for the project outcomes. The Social Carbon Company currently seeks to establish partnerships with verification agencies accredited with the UNFCCC in order to train and capacitate technicians to validate these reports.

The Business Model

The Social Carbon Company has developed different business models in order to enable small and medium enterprises to carry on with their GHG reduction projects even when they are deficient in resources to overcome hindrances such as the lack of information on how to commercialize carbon credits, the high costs and the delays involved in fulfilling the bureaucratic requirements for joining the VER market, the difficulties in getting financing for carbon credit projects, and the lack of verification to produce credible carbon credits for the Voluntary Market. These business models can be adapted according to the characteristics of the project, enabling all carbon reduction projects to contribute with socio-environmental development independently of the size or type of their contribution.

According to the needs of each project developer, the SCC can provide logistic and technical support for the project, finance costs related to the inclusion and accreditation of the project in the VER market, negotiate the VER trading, and license the use of the Social Carbon™ Standard for commercialization in the VER market.

After the project is implemented with the application of the SCM, the carbon emissions reduced from the project activity can be calculated according with a methodology adopted by UNFCCC specifically designed for this purpose. The generated carbon credits are subsequently verified by BRTüv, a certification agency accredited by INMETRO (Brazilian Institute of Metrology, Standardization and Industrial Quality) and a subsidiary of the German certification agency TÜV Nord.

The Verified Emission Reductions (VERs) of projects using the SCM are listed in the Social Carbon Registry System and can be commercialized in the Voluntary Market under the Social Carbon™ Standard, which has a high trading value in the VER market when compared with other standards. This increased value of the standard is a result of the lifetime monitoring, the credible verification and the social development aspect present in its projects, among other additionalities, such as income-generation for local communities, which may add even more value to the VERs depending on the type of project.

The differential of the Social Carbon™ Standard in the VER market has created profitable opportunities for small and medium businesses developing carbon reductions project developers selling carbon credits and for major companies seeking to develop successful Social & Environmental Responsibility Programs through the acquisition of carbon credits from projects that effectively and certifiably contribute to socio-environmental sustainability.



The Franchise System

The Social Carbon Company is currently developing a Franchise System that will broaden its activity area and will galvanize the multiplication of the methodology worldwide, substantially increasing the number of effective, sustainable actions throughout the globe, including through the use of the SCM in public policies.

The idea is to capacitate any national or international organization, public or private, including NGOs, to develop and apply the SCM and register VERs in the Social Carbon System, under the Social Carbon Company guidance and accreditation.

In the franchise model, Ecologica Institute, the developer of the SCM, acts as the Franchiser and owner of the Registry System. It licenses the methodology transfer rights to the Master Franchisee, the Social Carbon Company, which undertakes several responsibilities including:

- Training and providing knowhow to stakeholders interested in replicating the methodology
- Managing and providing technical support for the Social Carbon™ Carbon Credit Registry
- Promoting the replication of the SCM world-wide
- Preparing the logistics for the application of the methodology (Project Design Documents, Training, Operation Manuals, Accreditation, and continuous assistance in the project development).

The Social Carbon Company then provides licensing rights and instructions on how to replicate and apply the SCM to the Franchisees. The latter includes key actors such as corporations, non-profits, or governments interested in implementing carbon emissions reduction projects and in reproducing significant social, economic, and environmental benefits to local communities.

