



SMART TRADING  
FOR THE FUTURE



*“We truly believe that in the world of business there comes along opportunities very rarely that are game changers. Right now, we are lucky enough to be at the start of a business opportunity which is one of the biggest game changers we have seen for a century”*



## CONTENTS

|                                 |    |
|---------------------------------|----|
| About Global Carbon Exchange    | 3  |
| What are carbon credits?        | 4  |
| How is a carbon credit created? | 5  |
| The Kyoto Protocol              | 6  |
| VERs                            | 7  |
| Who and why buy carbon credits? | 8  |
| FAQs                            | 9  |
| Purchase process                | 10 |





## ABOUT US

**5 years ago the directors of Global Carbon Exchange (GCE) had a vision, to develop a company that can dramatically help to save energy, reduce our global CO<sub>2</sub> emissions and offer an exciting way to diversify private individuals' investment portfolios. GCE Limited is the answer to this vision.**

As a company we operate in two separate spaces within the global carbon credit market. The first is the 'Active Market', and secondly, the 'Retirement Market'.

Put simply, the 'Active Market' is designed for you, the private investor, and allows you to enter this exciting, explosive market at a realistic entry price. The 'Retirement Market' is where GCE further offsets the emissions of their extensive corporate client base by retiring carbon credits on their behalf.

*"Carbon will be the World's biggest commodity market and it could become the World's biggest market overall"*  
**Louis Redshaw, Barclays Capital**



A photograph of a waterfall with white water cascading over dark rocks, set against a blurred background of trees and foliage.

1 Carbon Credit = 1 Metric Ton of Carbon Pollution

## WHAT ARE CARBON CREDITS?

The Collins English dictionary defines a carbon credit as:

*"A certificate showing that a government or company has paid to have a certain amount of carbon dioxide removed from the environment"*

A carbon credit is a financial instrument, which represents one metric ton of carbon pollution. The carbon trading system was initiated by the Kyoto Protocol in 1997. Its simple, man-made greenhouse gas emissions are causing lasting, possibly irrevocable and certainly damaging, changes to our climate. Carbon Credits are one of the ways including sustainable development, clean technologies, renewable energy, technology transfer, and above all, personal responsibility that scientists, environmentalists, economists and our governments have agreed to employ in the battle against climate change.

**This requires global emissions to peak in the next decade and decline to roughly 80% below 1990 levels by the year 2050.**

Carbon Credits are measured in tons of Carbon Dioxide equivalent (Tons CO<sub>2</sub>e).

There are 4 types:

- **EUAs** - (European Union Allowances) are issued freely by the EU for several years at one go, for use with the EU ETS - (Emission Trading Scheme - (EU ETS). The ETS second phase began Jan 1<sup>st</sup> 2008 and ends Dec 31<sup>st</sup> 2012. All second phase EUA must be used within that period.
- **CERs** - (Certified Emission Reductions) are issued by UNFCCC for demonstrable reductions of greenhouse gas emissions in Clean Development Mechanism (CDM) projects under article 12 of the Kyoto Protocol.
- **ERU** - (Emission Reduction Units) are credits created under article 6 of the Kyoto Protocol, Joint Implementation (JI).
- **VERs** - (Verified Emission Reductions) are issued by independent bodies for demonstrable reductions of greenhouse gas emissions in projects that, for whatever reason, fall outside of the CDM. Their standards may be just as strict (such as the VCS - Verified Carbon Standard or GS - Gold Standard).

*“To date, countries have pledged more than \$4.5Bn to reduce emissions from the Deforestation and Degradation Scheme”*



## HOW IS A CARBON CREDIT CREATED?

**We understand that the government, corporations and individuals are buying these carbon credits. There are 200 different project types that are suitable for generating carbon credits.**

The project developers have one main goal and that is to create liquidity for future projects. Some projects also raise their capital to help communities by creating jobs, aiding wildlife, and restoring and policing forests.

These project types are classified into five main categories, including:

- **Renewable energy**
- **Methane abatement**
- **Energy efficiency**
- **Restoration**
- **Fuel switching**

When something is produced and less CO<sub>2</sub> or greenhouse gases are emitted than would be allowed, there is an opportunity to create a carbon credit.

**For example:**

1. Wind and solar power create electricity but emit less CO<sub>2</sub> than say, a coal-fired generator. Thus a business that generates wind or solar power also generates a carbon credit.
2. A manufacturing company invests in a new production process that reduces greenhouse gas emissions, possibly bringing the company's emissions below its limit ("cap"). This creates carbon credits that the company can sell to recover their investment.
3. A company or individual plants trees to reforest an area. Since trees capture and store CO<sub>2</sub> as they grow, this creates carbon credits that the company can sell to help recover their investment.



## KYOTO PROTOCOL

**Since the Kyoto Protocol was ratified in 2005 the vast majority of industrialised nations are legally bound to reduce their carbon emissions by 2012. Any emissions exceeding set targets must be offset by the purchase of carbon credits, leading to the emergence of the carbon credit market.**

The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change. It was adopted in Kyoto, Japan, in 1997 and came into force in 2005.

The convention encouraged industrialised countries to stabilise greenhouse emissions - the protocol commits them to reduce to specified targets based on an average of 5% against 1990 levels over the five year period 2007 - 2012. By ratifying the protocol the countries are bound by the targets.



The protocol allows for several “flexible mechanisms” such as emission trading. The Clean Development Mechanism - (CDM) and Joint Implementation (JI) allows the industrialised nations to meet their emission targets by purchasing carbon credits over-the-counter (OTC) through financial exchanges from projects that reduce emissions in other industrialised nations (JI) or from non-industrialised countries (CDM).

The Kyoto Protocol falls solely within the compliance scheme, whereas the VER and VCU markets traded by Global Carbon Exchange are entirely separate and autonomous from this.



## VERS

**Global Carbon Exchange mainly deals with VERs (Verified Emission Reductions). Thousands of companies are buying VERs to be socially responsible. VERs are an emerging market for carbon credits and carbon trading outside the Kyoto Protocol compliance regime. The verified carbon market may at present be smaller than the compliance market for carbon credits. However, the general market opinion is that wider scope of the verified market and growth led by the private sector, not public policy, means that it has strong potential to outstrip the market size of the compliance game.**

The compliance market went up by 21% in the first quarter of 2011 and the verified market tends to follow. Demand for the VER carbon credits began to increase gradually and intermittently, but there has been a shift in this market to a more structured growth, facilitated greatly by the development of credible intermediaries which created a registry for VERs in June 2006. As well as widespread acceptance of the minimum quality standard embodied by the Voluntary Carbon Standard - (VCS), designed by the International Emissions Trading Association (IETA), and non-profit organisations the Climate Group and WWF.





*“The world is waking up to the fact it can no longer sit back while the planet’s natural resources, and the species that depend upon them are systematically destroyed”* **BBC News**



## WHO BUYS CARBON CREDITS?

**Globally there are thousands of companies that participate in the buying and selling of credits on their market. These companies are all in different types of industries, but have one main similarity; they want to reduce their greenhouse gases (GHG) emissions. Some of the companies participating in this exchange are: Dupont, Ford Motor Co., international Paper, Motorola Inc. HSBC, Virgin Airlines, and Waste Management Inc. to name but a few.**

*Now is the most important question to be answered:*

### **Why buy carbon credits?**

We will offer physical carbon credits to our clients. This is much like buying a physical barrel of oil or ounce of gold. These have distinct attractions for investors who wish to benefit from the expected rises in carbon credit prices and would like to add CC's to their range of assets. Demand for the offsets is forecast to increase and this can only have a positive effect on the price of credits in the next few years. For those clients who seek capital growth then the carbon credit market could deliver in abundance. Furthermore, this is a huge social and responsible investment where the projects that finance support for both the environment and local communities.

These are intended as examples only, and may not be a client or have any association with GCX Limited what so ever.





## FREQUENTLY ASKED QUESTIONS

### **Why buy carbon credits?**

There are many reasons to purchase carbon credits. You may be attracted by the steady high yield growth over 3-5 years, as predicted by some of the worlds largest financial institutions. Or maybe because carbon credits are traded in international commodity markets with all units registered and traceable. On top of all that all carbon credits offset greenhouse gases, and in a lot of instances help communities in under-developed countries also offering support to wildlife.

### **Are the credits verified?**

Yes all the credits sold by Global Carbon Exchange Limited are validated and verified. Everything is completely transparent. Every stamp and signature from the day the credit is born to the day you receive your VCS Certificate and personal members login details.

### **What are the entry levels?**

Minimum entry levels at Global Carbon Exchange can start as low as £1400. Most individuals usually start with an initial transaction of between £3500 and £5000.

### **What returns can I expect?**

GCE cannot quote any specific figures as they change so often and so it is hard to quantify any of them.

### **What if I want to sell my credits?**

It is possible to sell your VER credits so long as we receive your sell order in writing which is provided by GCE. Our experienced consultants are monitoring the carbon trading market at all times. When we see a healthy price for your credits we will contact you and update you on the price available. If this price is accepted by you we can look to arrange an exit strategy on your behalf.

For any further information please feel free to contact one of our carbon consultants who will assist you with your enquiry on:

**T: 020 8415 1400**

**E: [info@gcxglobal.com](mailto:info@gcxglobal.com)**

# PURCHASE PROCESS

Here at Global Carbon Exchange Limited we have put together a set of processes to make accessing this market as seamless as possible.

## STEP 1

Speak to your Carbon Consultant;  
ask for the current project price,  
put in your purchase order.

## STEP 2

Receive your purchase agreement and terms  
of business the following day. Sign and return  
in the pre-paid envelope provided.

## STEP 3

Receive your VCS Carbon Credit  
Certification and personal members  
account login details.

**Global Carbon Exchange Limited**

Burnhill House, 50 Burnhill Road  
Beckenham, Kent BR3 3LA

**T:** 020 8415 1400

**F:** 020 8249 6510

**E:** [info@gcxglobal.com](mailto:info@gcxglobal.com)

[www.gcxglobal.com](http://www.gcxglobal.com)

