

Carbon Offsets



Carbon offsets represent a reduction of one metric ton of carbon dioxide equivalent greenhouse gas emissions below a baseline or business-as-usual level.

In today's economy, it is nearly impossible for even the most energy-efficient and green-powered organizations to avoid all activities that result in greenhouse gas emissions.

Carbon offsets enable organizations to mitigate the environmental impact of their energy use with greenhouse gas emission reductions occurring elsewhere. Organizations can utilize carbon offsets to help balance out their unavoidable carbon emissions, helping them realize sustainability goals and comply with government climate regulations.

A carbon offset represents a reduction of one metric ton of carbon dioxide equivalent greenhouse gas emissions below a baseline or business-as-usual level.

By purchasing high-quality verified carbon offsets from carbon reduction projects, organizations provide these projects with revenue that helps make them economically viable.

3Degrees sources carbon offsets from projects that result in **real, quantifiable, permanent, and additional** greenhouse gas emission reductions that are third-party verified against objective, credible, and transparent standards.

Protocols, Standards, and Registries

Carbon offset protocols, standards, and registries ensure that carbon reduction projects produce real, quantifiable, permanent, and additional greenhouse gas emission reductions. Some examples of high-quality protocol standards and registries which track carbon offsets are listed below.

- Clean Development Mechanism (CDM)
- Green-e® Climate Protocol for Renewable Energy
- Climate Action Reserve (CAR)
- Voluntary Carbon Standard (VCS)
- Climate, Community, Biodiversity Alliance (CCBA)
- Selected offset protocols of the Chicago Climate Exchange (CCX)



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About 3Degrees

3Degrees helps organizations buy, sell and market environmental commodities such as Renewable Energy Certificates (RECs) and verified carbon offsets.

3Degrees' mission is to mitigate the effects of climate change by accelerating the development of a low-carbon, renewable energy economy.

3Degrees realizes this mission by partnering with companies to increase demand for renewable energy and carbon offsets, channel capital to renewable energy and carbon reduction projects, and improve the efficiency of environmental markets.

BY PARTNERING WITH 3DEGREES:

- **Utilities and Load-Serving Entities (LSEs)** can manage renewable energy and carbon emission compliance risk, and realize profitable environmental market opportunities. In addition, utilities and LSEs can use 3Degrees' comprehensive *Community Connect* methodology and expert program management team to launch and expand voluntary green power and carbon balancing programs that strengthen stakeholder relationships.
- **Renewable Energy and Carbon Reduction Project Developers and Owners** can bring RECs and carbon offsets to market, creating new long-term project revenue streams.
- **Businesses, Government Agencies, and Nonprofits** can use environmental commodities, such as RECs and verified carbon offsets, and 3Degrees' associated services to mitigate the environmental impact of operations and comply with government climate and renewable energy regulations.
- **LEED® Green Building Professionals** can green the electricity and balance out the greenhouse gas emissions associated with green building projects and earn points through the LEED® Green Power Credit.



3Degrees partners with organizations that seek to utilize environmental markets to build value for their stakeholders.

Industry Leadership

- U.S. Department of Energy *Green Power Leadership Award* (2007, 2008, 2009, 2010, 2011)
- Ranked #1 or #2 REC and carbon dealer in North America by *Energy Risk* and *Environmental Finance* (2008, 2009, 2010)
- Executed first voluntary REC option trade in the U.S (2008)
- Executed first transfer on The Gold Standard Foundation's registry (2008)
- Currently managing four of the U.S. Department of Energy's highest performing utility green power programs
- Named to the Inc. 5000 list of America's fastest growing private companies (2010, 2011)

3Degrees™

OUR PRODUCTS

Green-e® Energy Certified Renewable Energy Certificates



Renewable Energy Certificates (RECs) represent the generation and delivery of renewable energy to the power grid. 3Degrees provides organizations with the RECs they need to green their electricity, empowering them to realize their sustainability goals. In addition, utilities and LSEs can utilize 3Degrees' RECs to comply with state Renewable Portfolio Standards and other renewable energy mandates.

Third-party Verified Carbon Offsets



Carbon offsets enable organizations to balance out their carbon emissions with an equal number of carbon emission reductions. 3Degrees sources carbon offsets from projects that have been third-party verified with rigorous and transparent protocols, resulting in real, quantifiable, additional, and permanent carbon emission reductions.

OUR SERVICES

Environmental Market Services



3Degrees is the preferred partner for utilities, LSEs, renewable energy and carbon reduction project owners, and other organizations that want to participate in environmental markets. By partnering with 3Degrees, these organizations are able to lower compliance risk, improve project financing, and increase return on investment.

3Degrees' large and diverse REC and carbon offset portfolio, prompt contracting and settlement and skilled team of environmental market researchers and analysts enable it to provide its partners with the access, expertise, and knowledge they need to achieve their business objectives.

Utility Partnership Services



3Degrees has partnered with utilities across the United States to design, launch, and manage some of the nation's top-performing voluntary green power and carbon balancing programs. Utilizing its comprehensive *Community Connect* methodology, 3Degrees provides utilities with all the services necessary to build a successful green power or carbon balancing program, including customer research, program

planning, tariff development, program certification, on-the-ground customer education and marketing, and REC or carbon offset sourcing.

Green Power and Carbon Balancing Services



3Degrees works with businesses, government agencies, and non-profits to green their electricity and balance out their carbon emissions. By providing these organizations with RECs, carbon offsets, and associated services, 3Degrees enables them to reduce the environmental impact of their operations and encourage development of new renewable energy and carbon emission reduction projects.

With 3Degrees:

- Comply with renewable energy and carbon emission regulations
- Bring RECs and carbon offsets to market
- Identify environmental market risks and opportunities
- Structure environmental commodity hedge products
- Secure custom research and analysis
- Launch and expand utility voluntary green power and carbon balancing programs
- Realize green power and carbon emission reduction goals
- Communicate green power and carbon emission reduction commitments to stakeholders
- Green electricity and balance out greenhouse gas emissions associated with LEED® green building projects

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Authenticity



Santa Cruz Organic asked 3Degrees to write the copy for their sustainability brochure in a tone that fit with their family and environmentally focused brand.

Make your environmental commitment tangible with figures, images and messaging that demonstrate its real-world impact.

QUANTIFY IT

Providing details on the number of megawatt-hours of RECs or metric tons of carbon you have purchased is a powerful way to demonstrate the authenticity of your commitment. In addition, translating these quantities into other activities that negatively or positively impact the environment can help make your commitment more tangible.

For example, according to the EPA a 1,000 MWh green power commitment helps avoid the emission of approximately 690 metric tons of carbon dioxide equivalent greenhouse gases. Stakeholders can better understand the impact of this commitment if you explain that this amount of CO₂e is equivalent to the CO₂e produced by 135 cars in a year, emitted by the combustion of 1,604 barrels of oil, or the carbon captured by 6.8 acres of forest protected from deforestation.

To determine the equivalencies of your own commitment, refer to your 3Degrees Welcome Kit or go online to: www.epa.gov/cleanenergy/energy-resources/calculator

SHOW IT

People can sometimes have difficulty understanding how Renewable Energy Certificates (RECs) and carbon offsets work. However, imagery that shows examples of the real-world projects supported by REC or carbon offset purchases make it easier for stakeholders to grasp the meaning of these commitments.

In addition, custom graphic that quantify the greenhouse gas emissions your commitment helps avoid or reduce are another powerful way to show the impact of your organization's commitment. You can find photos of projects and graph templates on the web in the 3Degrees' online toolkit.

CERTIFY IT

Often your green power or carbon balancing commitment can help you secure third-party certification from programs like the EPA Green Power Partnership or Green-e Marketplace. These certifications are a powerful way for you to demonstrate that a credible independent organization understands and recognizes the impact of your commitment.

However, organizations need to be careful in the use and selection of a certification organization. The FTC provides the following guidance:

- Certification must come from an independent organization. This means no "self-certification" – you cannot certify your own green claims.
- Use of certifiers name/logo is considered an endorsement and should not be used where no such endorsement exists.
- When a certification constitutes a general environmental benefit claim, substantiating information should be coupled with these claims, if possible.



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Engagement



This poster was designed to inform employees about NBC11's REC purchase and the environmental benefits of this commitment.

3Degrees' Online Toolkit features resources to support your engagement efforts, including press release and poster templates, renewable energy and environmental photography and the applications for the EPA Green Power Partnership and Green-e Marketplace.



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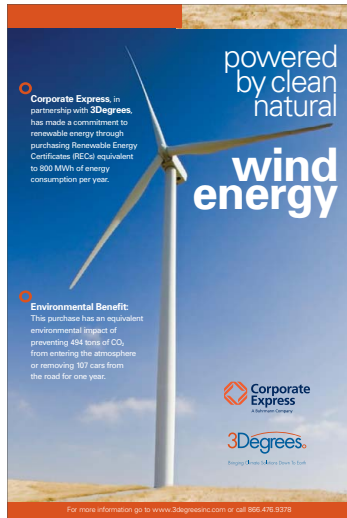
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Environmental commitments provide organizations with a powerful way to engage customers, employees, investors and other stakeholders.

Engaging stakeholders on your green power and carbon balancing commitment will help your organization gain employee and consumer buy-in. 3Degrees recommends that you engage stakeholders using a variety of communications and educational activities. Examples of activities that have been successfully used by 3Degrees partners are listed below.

- Develop and distribute a **press release** on your commitment using our press release template.
- Develop **posters or banners** describing your commitment, and post them in your offices, employee break areas, and retail locations.
- Include a story on your commitment in the next edition of your organization's **newsletter**.
- Add information to your **website** and corporate **presentations** detailing your firm's sustainability efforts.
- **Join organizations** that recognize and support companies that are making green power, carbon balancing, energy efficiency and other environmental commitments – such as:
 - The EPA's Green Power Partnership
 - The Climate Registry
 - American Business for Clean Energy
 - The Voluntary Renewable Energy Coalition (VREC)
- Add a description of your commitment to your organization's **annual report**.
- Develop a **video** on your commitment to post on your website and YouTube.
- **Frame the certificate** you receive from 3Degrees, and post it in your lobby, conference room or in another high-traffic area.
- Develop a **one page document** that details your organization's sustainability efforts, and include it in media and information kits you send out about your organization.
- Give a presentation on your sustainability efforts (and describe how others can emulate your example) at local or **industry conferences** or **events**.
- **Encourage your partners** to make their own green power or carbon balancing environmental commitments.

Accuracy



This poster describing Corporate Express' renewable energy purchase is part of a design series focused on employee education.

“Consumers are offering companies both a carrot and a stick. They reward green product innovation, and they scold greenwashing.”

— TerraChoice, Sins of Greenwashing

By accurately describing your environmental commitment, you build credibility and ensure compliance with FTC and Green-e marketing guidelines.

The following four key best practices — *Be Specific*, *Don't Overreach*, *Secure Third-Party Certification* and *Full Disclosure* — will help ensure that you accurately communicate the impact of your environmental commitment.

BE SPECIFIC

It is very important to be as specific as you can when communicating your commitment, especially since studies conducted by the Federal Trade Commission (FTC) have found that consumers often misinterpret environmental claims.

For example, when consumers were presented with the statement: “Made with Renewable Energy”:

- 28% believed a product was made with renewable materials
- 21% thought it was made from recycled materials; and
- 18% thought the material was recyclable.

For this reason the FTC advises companies that all environmental claims should be *specific* and *substantiated*. Stating that your company or product is “eco-friendly,” or “green” is not enough – you need to explain specifically *how* it is green or eco-friendly, and ensure that you can *substantiate* this claim.

Note that making a claim, and then providing a website link to details on the specifics is not a way to address this requirement. According to the FTC, websites cannot be used to qualify otherwise misleading claims, and should be used to only add additional information to specific and clear claims.

DON'T OVERREACH

Most organizations impact the environment in more ways than one. For example, an organization's environmental impact includes everything from the electricity that powers its computers, to the natural gas consumed to heat its offices, to even the airplane greenhouse gas emissions associated with its employees business travel.

For example, even if a company matches all of its electricity usage with Renewable Energy Certificates (RECs), it does not mean it is “100% green.” Chances are that there are still many company operations (employee travel, office heat, product shipping) that have greenhouse gas emissions and other negative environmental impacts associated with them.

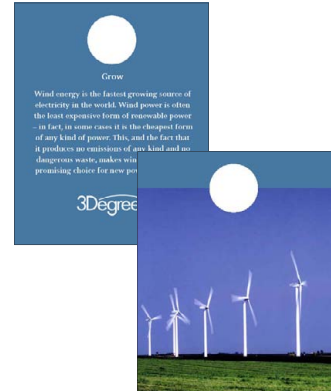
Therefore, it is important to avoid suggesting that your company or product is completely ‘green’ just because you have addressed one or even several of the ways it impacts the environment. Instead, describe in detail the steps you are taking to mitigate your impact, and show how these steps are all part of a larger corporate sustainability strategy – a strategy that you are always seeking to improve upon.

FULL DISCLOSURE

When making environmental claims, it is important to provide complete information to avoid misleading your audience. For example, you should not make unqualified “powered by renewable energy” claims unless all, or virtually all, of your company’s electricity use is generated by onsite renewables, delivered through a utility green power program, or matched with Renewable Energy Certificates (RECs).

In addition, when possible also try to fully disclose the following information about your commitment.

- **Geographic Location:** If you imply that your renewable energy comes from a specific location, you must be able to substantiate this claim.
- **Source:** Qualify claims as much as possible by specifying the source of renewable energy (e.g., wind or solar).
- **Energy & Emissions Accounting:** Use competent and reliable third-party evidence and methodologies to support your greenhouse gas emission avoidance or reduction claims, such as those from the EPA or the World Resources Institute.



PrAna, a retailer of yoga and outdoor apparel and early adopter of wind energy, wanted to seamlessly integrate renewable energy messaging into their trade show booth. 3Degrees developed educational and compelling copy for these cards which hung from a wall within the booth.

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