

Press Release

First ever issuance of Social Carbon credits from South-East Asia

South Pole Carbon Asset Management Ltd, one of the world's leading developers of premium emission reductions, today announces the first ever issuance of carbon credits developed under the Social Carbon standard in South-east Asia.

Zurich, July 4, 2011, for immediate release After the recent successful issuance of Social Carbon credits from a small hydro project in the mountains of Yunnan, South China, a first-ever outside the standard's origin Brazil, South Pole Carbon follows with yet another project, this time in Indonesia. In collaboration with a local NGO, a series of long term social activities have been implemented against the Social Carbon standard at a run-of-river hydro plant on the island of Sumatra. Now, the first carbon credits certified with both Verified Carbon Standard (VCS) and Social Carbon (SC) have been issued in the renowned Markit Environmental Registry.

The Sumatran run-of-river hydro project is generating emission free power in a remote area of Indonesia, using a huge natural height difference of about 500m to generate sustainable energy, without the need for a retaining dam. Says Renat Heuberger, South Pole's CEO who set up the company's Indonesian presence five years ago: "This hydropower project is a fantastic example of how to get the most out of Indonesia's rich renewable energy resources. No dams, no flooding of land, no resettlement – and yet as much as 80 megawatts of clean electricity are installed, creating additional jobs and income for the local population"

With Indonesia's economy and population growing, the demand for power is on a steady rise, putting global climate and local environment at risk if satisfied in a business-as-usual manner. In this situation, carbon revenues are an important driver of investments into renewable energy in a country still dependent on fossil fuels, despite its rich but mostly unleashed natural sources of energy, such as geothermal and hydro power. South Pole has powered several emission reduction projects in the renewable energy sector in the country which are managed from its Jakarta office.

Today, in a grown up carbon market, companies buying carbon offsets to balance their footprint are more and more demanding, looking for more than just emission reductions. They are aware of the importance of sustainable development in the affected regions and are willing to pay a premium for projects with a record of social and environmental benefits. This is where the Brazil based Social Carbon standard comes into play, providing project developers and buyers with clear guidelines on supporting local communities on a long term basis, with annual third party checks and reports. At South Pole's Indonesian hydro plant, the SC programme includes several activities, e.g. the free medical treatment of locals in the nearby villages of Silalahi and Parbuluhan, remote villages far from the next city, Medan. In addition, the local tradition of weaving, an important source of income for women, is supported by regular donations of thread and electricity. The local school in Silalahi has received work and material support during building construction and electricity and water installations to improve education opportunities for local youth. The multi-religious communities of North-Sumatra have received several donations to enable better conditions in mosques and churches. By this and other activities, the project supports local communities in a rural region far from urban centers, thus mitigating migration pressure to the cities and rising the standard of living. Re-invested in such manner, carbon credits prove to be an important tool for sustainable development and to ensure a true North-South collaboration.

Renat Heuberger on Social Carbon: "I am proud that once more we are paving the path for the future carbon markets. Thanks to our great international team we managed to respond to the market's needs faster than anybody else, now already delivering Social Carbon credits from a second of our Asian project." And adds: "The Social Carbon clearly proves South Pole's sustainable approach and our focus on carbon credits with a knack. With us, carbon buyers not only receive high quality carbon reductions but also can be sure to support social and environmental changes to the better in the specific project region."

While the Social Carbon standard is focused on additional benefits to local communities, the emission reductions of the project are developed against the renowned VCS, the most common standard in the voluntary carbon market.

About the project

VCS project database:

<https://vcsprojectdatabase1.apx.com/myModule/interactive.asp?Tab=Projects&p=488&lat=2.65&lon=98.409444>

Social Carbon report:

https://vcsprojectdatabase1.apx.com/myModule/ProjectDoc/Project_ViewFile.asp?FileID=6867&IDKEY=m097809fdislkjf09rndasfud098asodfjlkduf09nm23mrm87f9469593

South Pole project fact sheet:

https://www.southpolecarbon.com/_marketing/354Hydro_Indonesia.pdf

South Pole project video:

<https://www.southpolecarbon.com/videopopup354.htm>

About South Pole Carbon Asset Management Ltd.

Zurich-based South Pole Carbon Asset Management is one of the world's leading highquality carbon offsetting companies. With more than 80 carbon professionals located in ten offices around the globe, South Pole is as close to its projects as its clients. In over 21 countries, the company enables the implementation and operation of high-quality projects that reduce greenhouse gases. South Pole's unparalleled portfolio comprises projects in the fields of renewable energy, forestry, energy efficiency, waste management, methane avoidance, and many other sectors. The company was founded in Zurich, Switzerland, in 2006. Since then, it has shaped the premium carbon markets. In 2011, South Pole was named Best Project Developer in Environmental Finance's Annual Voluntary Carbon Market Survey.

About Social Carbon:

SOCIALCARBON® is a Standard developed by the Ecologica Institute in Brazil that certifies voluntary emission reduction projects for their contributions to sustainable development. The SOCIALCARBON Standard is founded on the principle that transparent assessment and monitoring of the social and environmental performance of projects can improve their long-term effectiveness and thus add value to the voluntary emission reductions generated. A key element is the active participation of local communities. The Standard is applied and independently verified each year to encourage progress and ensure continual improvements.

<http://www.socialcarbon.org/>

<http://www.ecologica.org.br/>

Press Contact:

Max Zeckau

Marketing/PR Manager

+41 43 501 35 50

m.zeckau@southpolecarbon.com

www.southpolecarbon.com