

Independent CFR Price Verification - Factsheet

Objective

To provide a market consensus based independent price verification service for book valuation of carbon credits. This helps organizations implement sound risk and compliance policies for valuation and provides price intelligence on credit markets. Increased market transparency will help a wide range of clients like CFR compliant entities, large speculative trading organizations, independent offtake developers and many more.

Our Product Benefits

Middle Office PnL & Risk Reporting:

In a financial risk exposed world, risk management and sound risk policies on in-house positions becomes imperative. Our independent price verification service on CFR credits is a participation-based assessment that will help provide valuation guidelines and market insight to mitigate risk in a non-transparent market.

Market Insights:

Our service will provide consensus into mid-market prices from leading market participants with a level of confidentiality. This data will get consumed to provide statistical insight on the range of the market prices along with confidence to value your book positions.

Price Discovery

Transaction data will be received monthly from market participants including but not limited to obligated parties, credit generators and brokers. Carbon Assessors encourages all sources of market data to submit transaction data from their back office or middle office functions.

Data Integrity:

Our process will eliminate any noise and outliers in price submissions to reflect accurate market consensus, giving you the confidence to risk manage your positions appropriately.

Product Coverage¹:

Current assessment is published as a basket and subject to expansion.

Output Reporting²:

Submissions deadline: Last business day of the month by 4pm MST for all transactions executed through the month.

Submission reminder will be sent out from price-assessment@carbonassessors.com on the last business day. Please follow prompts via assigned link in the reminder to submit prices on our portal.

Report Availability: Once consumed we will process and provide a month end output on first business day of following month by 10pm MST. This allows our clients to adjust any month end valuations before bottom-line revenue.

Price Methodology

Our prices assessment is a weighted mechanism which provides intelligence into traded levels with additional one and two standard deviation details by vintage. This allows for different companies to have their own valuation policies based on risk appetite.

- Mid-price along with min and max represent the mean and range of the market. Assessed price is our in-house weighted mechanism that signals a liquidity-based price point.
- 1 and 2 Standard Deviations represent the 68% and 95% of consensus assessed. This provides a price range that can be interpreted for book and curve valuation based on client's risk policies and appetite.
- Rejections represent any submitted data points that sit in the 3 SD zone that can be considered outliers³. This will eliminate any noise to enhance accuracy of price assessment.
- We do not consider unfilled orders as valid data points for this assessment

Please email [Albert](mailto:albert@carbonassessors.com) if any questions, comments, or concerns

¹ Coverage is subject to expansion once we receive more datapoints by various vintages, offset by protocol and EPC prices.

² Reporting frequency is subject to change to weekly basis based on liquidity and participation interest from clients.

³ Rejections will be analysed on a case-by-case basis in comparison with the overall sample size.