

DGB Group

Position Paper

Carbon Credit Project Developer Asset Valuation





Hongera Cookstoves, Nyeri County, Kenya

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Our goal

DGB envisages a **healthy and vibrant world** where our natural ecosystems support a flourishing diversity of life on Earth. Resilient habitats with high biodiversity will enable us to live healthy, sustainable lives.

Our goal is to help nature *flourish and prosper*.

Tree Nursery Hongera Afforestation Project, Nyeri County, Kenya

Introduction

Objective of the position paper

This position paper aims to deliver a comprehensive analysis of the International Financial Reporting Standards (IFRS) accounting principles relevant to DGB Group NV's (DGB) carbon credit pipeline asset valuation. This paper intends to scrutinise the accounting considerations unique to DGB's tree planting and energy-efficient cookstove projects, assess its valuation methodologies and assumptions, and provide recommendations for accurately valuing DGB's nature-based carbon credit pipeline. This will allow DGB to maintain financial reporting transparency and facilitate the development of effective strategies for the growth and management of its carbon credit portfolio.

Introduction to carbon credits and their significance

Nature-based carbon credits provide a market-driven solution to help nature flourish and prosper by monetising the environmental benefits of carbon sequestration and emissions reduction projects. They enable organisations to offset their greenhouse gas emissions by purchasing carbon credits generated by projects that reduce or remove carbon dioxide from the atmosphere. As the world strives to achieve the Paris Agreement goals, nature-based carbon credits play an increasingly vital role in incentivising and supporting sustainable development, while mitigating the impact of nature loss.

Overview of carbon project developer DGB

DGB is one of the fastest growing entities within the carbon marketplace. As a purpose-driven, for-profit organisation, we adopt a hands-on strategy that emphasises excellence in developing and operating carbon projects. We create high-quality, large-scale carbon and biodiversity projects accredited by leading verification standards, concentrating on nature conservation and nurturing biodiversity by assisting governments, businesses, and individuals in attaining net zero through verified emissions reduction credits.

As a publicly traded company on the Amsterdam Euronext stock exchange under ticker code AEX:DGB, DGB has a far-reaching, positive impact. We specialise in nature-based solutions that emphasise tree planting and energy-efficient cookstoves. Our projects not only store large amounts of carbon through tree growth but also minimise emissions from conventional cooking methods by encouraging the adoption of energy-efficient cookstoves. By executing these projects, DGB contributes to the global campaign to restore nature, enhance biodiversity, and improve the lives of communities involved in the projects.

Background

The vital role of carbon project developers in the carbon credit ecosystem

The importance of carbon project developers

Carbon project developers hold a vital position within the carbon credit ecosystem, as they initiate, develop, and manage projects that reduce or eliminate greenhouse gas emissions. They serve as a vital link between climate mitigation initiatives and the carbon credit market, guaranteeing that projects' benefits are quantified, verified, and traded as carbon credits.

Different types of carbon project developers

Carbon project developers can range from small local organisations to large multinational corporations, with projects encompassing renewable energy, energy efficiency, methane capture, and nature-based solutions, among others. The selection of project type and scale is contingent upon the developers' expertise, resources, and target markets.

DGB's approach to project development and implementation

DGB adopts a holistic approach to project development and implementation, involving stakeholder engagement, rigorous monitoring and evaluation, and compliance with relevant accounting standards. This approach guarantees the long-term sustainability of DGB's projects and the credibility of the carbon credits they produce.

DGB's unique position as a nature-based project developer

DGB stands out as a developer of nature-based projects, focusing primarily on tree planting and energy-efficient cookstoves. Our projects contribute to long-term carbon sequestration, reduce greenhouse gas emissions, and promote sustainable land-management practices. By specialising in these specific project types, DGB occupies a distinct position within the carbon project developer landscape, addressing both environmental and socio-economic challenges through its initiatives.

The role of tree planting and energy-efficient cookstoves in mitigating carbon emissions

Carbon sequestration through tree planting

DGB focuses on afforestation and reforestation projects to encourage long-term carbon sequestration and reduce emissions. Trees capture carbon dioxide via photosynthesis and convert it into biomass, which contributes to carbon storage. Well-managed forests provide additional ecosystem services, including biodiversity preservation, soil conservation, and water regulation. DGB's projects also focus on sustainable land-management practices, such as agroforestry, which increases the soil's carbon capture capacity and helps farmers sustainably develop their farming operations.

Environmental, social, and economic benefits of energy-efficient cookstoves

Energy-efficient cookstoves form another vital aspect of DGB's project portfolio. These cookstoves help reduce dependency on high-emission fuels, such as wood, charcoal, and kerosene, resulting in decreased greenhouse gas emissions and enhanced indoor air quality. They also promote social and economic development by cutting fuel consumption and related household expenses. Furthermore, they offer environmental benefits by decreasing the need for woodfuel, thereby reducing deforestation.

The importance of accounting in carbon credit valuation

Precise accounting and valuation of carbon credits are essential for project developers, investors, and regulators. Dependable valuation ensures that the financial statements of project developers, like DGB, present a transparent and accurate depiction of the developer's assets and liabilities. This transparency fosters trust among investors and other stakeholders and supports the efficient operation of the carbon credit market. Moreover, robust accounting practices enable project developers to make informed decisions regarding resource allocation and strategic planning, ensuring the long-term success of their carbon offset projects.



Haron Wachira, Hongera Cookstoves Project, Mery County, Kenya

IFRS accounting standards applicable to nature-based carbon credit valuation

IFRS establishes the framework for the accounting and valuation of carbon credits. For nature-based carbon credit projects, such as those developed by DGB, several IFRS standards are particularly pertinent:

- IAS 41 - Agriculture: This standard outlines the accounting treatment for biological assets, such as trees in afforestation and reforestation projects. It offers guidance on recognising and measuring the fair value of biological assets and addresses the accounting for agricultural produce and government grants related to agricultural activity.
- IAS 16 - Property, Plant, and Equipment: This standard applies to the accounting for bearer plants, like trees, held primarily for generating carbon offsets. It covers the recognition, measurement, and depreciation of these assets.
- IAS 38 - Intangible Assets: This standard provides guidance on the accounting treatment for intangible assets, including carbon credits generated by projects. It establishes criteria for capitalising research and development costs associated with carbon sequestration projects and other initiatives aimed at producing carbon credits.
- IFRS 15 - Revenue from Contracts with Customers: This standard is relevant for contracts to deliver carbon offsets in the future. It assists project developers, like DGB, in determining the appropriate revenue recognition for such contracts, including identifying performance obligations and allocating transaction prices.

By complying with these IFRS standards, DGB can ensure consistent and accurate valuation of its nature-based carbon credit pipeline, fostering transparency and trust among its stakeholders.

Accounting considerations for carbon project developers

Costs incurred to generate carbon offsets

Project developers like DGB incur various costs while developing and implementing nature-based carbon offset projects, such as tree planting and energy-efficient cookstoves. Costs not related to building physical assets, such as research, development, or project management expenses, should be carefully evaluated to determine the appropriate accounting treatment. In general, research costs should be expensed as incurred per IAS 38, while development costs may be capitalised if specific criteria are met. DGB should assess the nature of each cost and apply the appropriate accounting treatment accordingly.

Accounting for trees held to generate carbon offsets

The accounting for trees held to generate carbon offsets can be complex, as it depends on the intended use and classification of the trees.

IAS 41: Biological Assets

Under IAS 41, trees that are considered biological assets and relate to agricultural activity should be accounted for at fair value less costs to sell. DGB should determine the fair value of its tree assets and ensure that changes in fair value are recognised in profit or loss.

IAS 16: Bearer Plants

If trees are classified as bearer plants, they should be accounted for under IAS 16. Bearer plants are measured at cost less accumulated depreciation and accumulated impairment losses. DGB must assess the classification of its trees and apply the appropriate depreciation and impairment methods.

Assets not related to agricultural activity

In cases where trees do not fall under the definitions of biological assets or bearer plants, DGB should consider other applicable accounting standards to determine the appropriate treatment for these assets.

Contracts to deliver carbon offsets in the future

Entering into contracts to deliver carbon offsets in the future is an essential part of DGB's business model. These contracts may have various terms and conditions, and it is crucial to determine the appropriate accounting treatment for each agreement.

Nature of contracts: financial vs non-financial

DGB must carefully analyse each contract to determine whether it is a financial or non-financial arrangement. Financial arrangements may include equity, loans, or fair value through profit or loss (FVTPL) financial instruments such as derivatives. Non-financial arrangements can involve leases, executory carbon offset sales contracts (including prepayments), or sales of intangible assets. The appropriate accounting treatment depends on the nature of the contract and the applicable accounting standard.

Application of IFRS 15: Revenue from Contracts with Customers

When contracts to deliver carbon offsets fall under IFRS 15, DGB should follow the revenue recognition principles outlined in the standard. This involves identifying the contract with the customer, determining the performance obligations, allocating the transaction price to the performance obligations, and recognising revenue when the performance obligations are satisfied.

Determining separate performance obligations

DGB should carefully assess its contracts to identify separate performance obligations. In cases where contracts include goods or services other than carbon offsets (eg renewable energy or other environmental benefits), these additional goods or services should be considered separate performance obligations. DGB must allocate the transaction price to each performance obligation based on their relative standalone selling prices.

Assessment of significant financing components

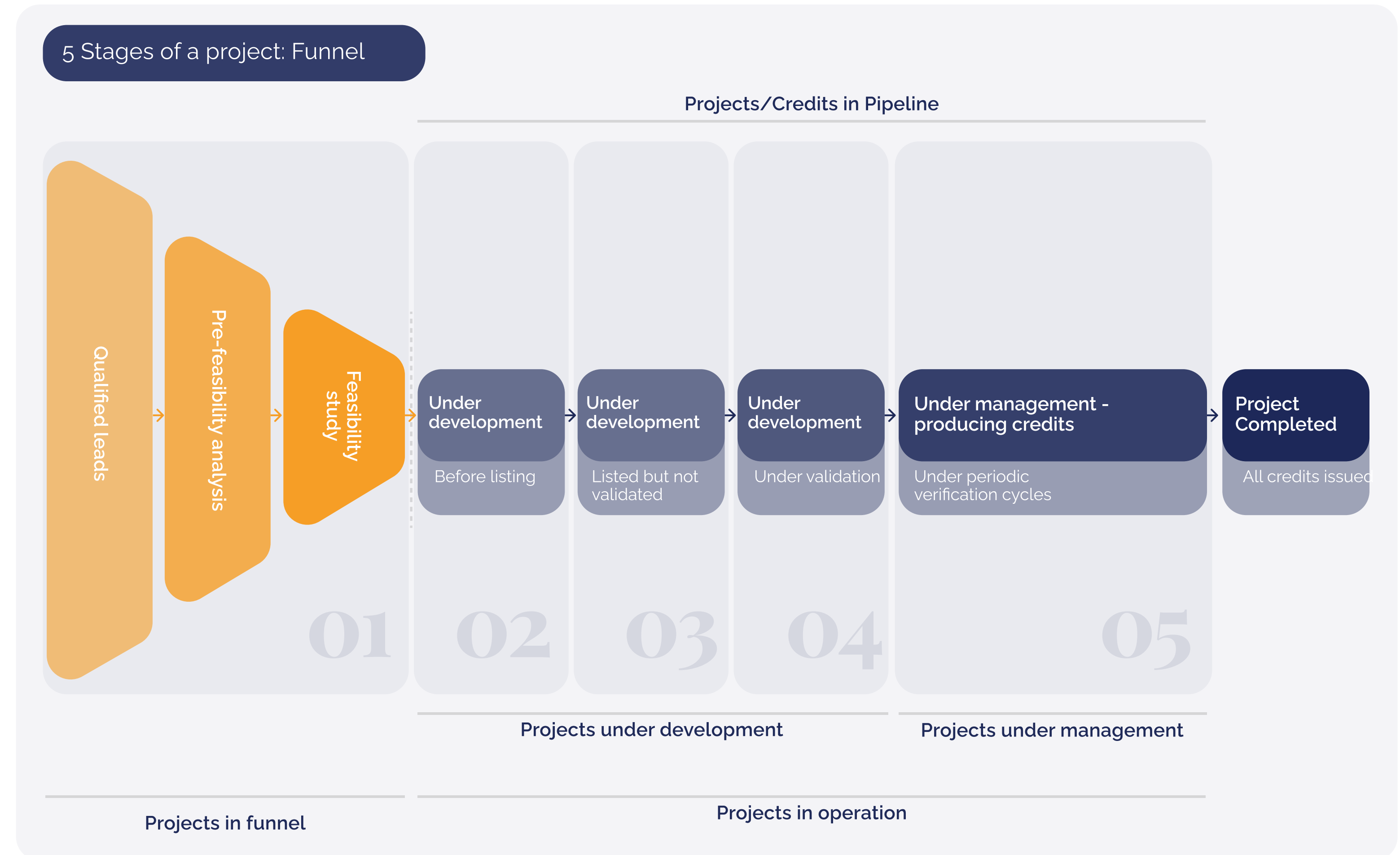
DGB should also evaluate whether a significant financing component exists in its contracts with customers. A significant financing component may arise when the timing of payments agreed upon by the parties provides either the customer or DGB with a significant benefit of financing. If a significant financing component is present, DGB must adjust the transaction price and recognise an interest income or expense accordingly.

By thoroughly analysing its contracts to deliver carbon offsets in the future and applying appropriate accounting treatments, DGB can ensure accurate revenue recognition and financial reporting. This will help maintain transparency and trust with investors and stakeholders, supporting the continued growth and success of DGB's nature-based carbon offset projects.

Carbon project developer pipeline valuation

Carbon credit pipeline

Project management is a crucial process that involves planning, executing, and controlling a project from start to finish. This process involves various stages, from initial planning and feasibility studies to validation, verification, and issuance of credits.



Here is a brief explanation of each step:

- Qualified lead: This refers to a potential project site and is deemed likely to start a project.
- Pre-feasibility study: This is a preliminary assessment of the viability of a project, which typically includes an analysis of the market, technical requirements, and financial feasibility.
- Feasibility study: This is a more detailed analysis of a project's viability, which examines all aspects of the project in greater depth, including technical, financial, legal, and environmental factors.
- Under development (before listing on the registry): This refers to a project that is still in the planning or development phase and has not yet been listed on a carbon offset registry.
- Under development (listed on the registry but not validated yet): This refers to a project listed on a carbon offset registry but not yet fully validated by a third-party auditor.
- Under development (under validation): This refers to a project that is currently undergoing a validation process by a third-party auditor to ensure that it meets the requirements of the carbon offset standard.
- Under development (under verification): This refers to a project that has been validated and is now undergoing verification by a third-party auditor to confirm that it has achieved the expected environmental benefits.
- Under management (credits issuance): This refers to a project that has successfully achieved its environmental benefits and is now in the phase of issuing carbon credits to buyers or investors.
- Project completed (all credits issued): This refers to a project that has completed its development, validation, and verification processes and has issued all of its carbon credits to buyers or investors.

Valuation methodologies

To accurately value DGB's carbon credit pipeline, various valuation methodologies and assumptions must be considered. The choice of methodology will depend on the available data, the nature of DGB's projects, and the specific circumstances surrounding the valuation.

Under IFRS, a fair value approach is recommended for valuing assets, such as carbon credits, which considers market dynamics, risk considerations, and the time value of money.

1. IFRS 13, Fair Value Measurement: This standard requires that assets, including carbon credits, be measured at fair value, which is the price received to sell an asset in an orderly transaction between market participants at the measurement date. Three widely used valuation techniques are: [IFRS 13:62]
 - a). Market approach—uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities (eg a business).
 - b). Cost approach—reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost).
 - c). Income approach—converts future amounts (cash flows or income and expenses) to a single current (discounted) amount, reflecting current market expectations about those future amounts.
2. IAS 38, Intangible Assets: Carbon credits can be considered as intangible assets. According to IAS 38, intangible assets should be measured at their fair value when initially recognised and subsequently either at cost (less accumulated amortisation and impairment) or revalued amounts based on fair value. A cost-based valuation may not reflect the true fair value of the carbon credits, which may be influenced by market demand, regulatory requirements, and other factors that could affect their selling price.

Cost approach

A cost-based valuation is not considered to reflect the fair value under IFRS guidelines and general finance principles for several reasons:

1. Time Value of Money: A cost-based valuation does not consider the time value of money, which is crucial for long-term projects like carbon credit projects. The fair value of carbon credits should take into account the present value of expected future cash flows from selling the credits, discounted at an appropriate rate that reflects the project's risks and current market conditions.
2. Incompleteness of Cost Data: Costs incurred during the development of a carbon credit project may not fully capture the value of the project. The value of carbon credits depends on factors such as project performance, credit risk, and market prices. A cost-based valuation might not account for these factors, potentially leading to an inaccurate valuation of the carbon credits.

Due to these limitations, the cost basis approach may not provide an accurate and comprehensive valuation of DGB's carbon credit pipeline in line with IFRS requirements.



Market approach

The market approach may not be suitable for valuing DGB's carbon credit pipeline for several reasons, many of which are related to the specific characteristics of the carbon credit market and IFRS requirements:

1. **Lack of Comparable Transactions:** The market approach relies on the identification of comparable transactions in the market. However, the carbon credit market is characterised by a diverse range of projects, varying in scale, location, and technology, making it challenging to find truly comparable transactions to use as a basis for valuation.
2. **Limited Price Transparency:** The carbon credit market often lacks transparency regarding pricing, as many transactions are conducted privately or through bilateral agreements. This lack of price transparency can make it difficult to establish a reliable market value for carbon credits.
3. **Market Volatility:** The carbon credit market is subject to fluctuations and volatility, which can result from regulatory changes, demand and supply dynamics, and other factors. Relying solely on the market approach may not provide a stable and accurate valuation of DGB's carbon credit pipeline.
4. **IFRS Fair Value Measurement:** The market approach may not fully capture the fair value of DGB's carbon credits, as it does not take into account the specific risks, uncertainties, and potential future cash flows associated with DGB's projects.
5. **Inadequate Reflection of Project-Specific Factors:** The market approach may not sufficiently account for the unique attributes of DGB's projects, such as their location, technology, and regulatory environment. These project-specific factors can significantly impact the value of the carbon credits generated, making the market approach less suitable to accurately value DGB's pipeline.

Due to these limitations, the market approach may not provide an accurate and comprehensive valuation of DGB's carbon credit pipeline in line with IFRS requirements.

Income approach

Considering the limitations of the cost basis approach and market approach, the discounted cash flow (DCF) approach is chosen as the preferred method for valuing DGB's carbon credit pipeline. The discounted cash flow (DCF) approach addresses many of the concerns. The DCF approach involves projecting the future cash flows generated by DGB's projects and discounting them back to the present value using an appropriate discount rate. This method accounts for the time value of money and provides a comprehensive view of the projects' potential value.

The DCF approach offers several advantages over the cost basis valuation and market-based approaches:

- 1. Comprehensive Valuation:** The DCF approach considers both the historical costs associated with the assets and the potential future cash flows generated from the sale of carbon credits.
- 2. Market Dynamics and Price Changes:** The DCF approach accounts for fluctuations in market prices, which can significantly impact the value of the carbon credits. It considers market factors, such as the expected sale prices of carbon credits and future price increases, to provide a more accurate representation of the assets' value.
- 3. Risk Considerations:** The DCF approach factors in various risks associated with the projects, such as credit risk, performance risk, and other uncertainties. It adjusts the present value of expected cash flows accordingly, providing a more comprehensive valuation.
- 4. Time Value of Money:** The DCF approach discounts future cash flows using an appropriate discount rate to account for the time value of money and the risks associated with the projects.
- 5. Alignment with IFRS Requirements:** The DCF approach is in line with IFRS requirements for fair value measurement, as it takes into account market dynamics, risk considerations, and the time value of money.
- 6. Flexibility:** The DCF approach can be adapted to various project types and market conditions, making it a suitable method for valuing DGB's diverse carbon credit pipeline.
- 7. Transparency:** The DCF approach provides a clear and transparent valuation methodology, which can help build trust among investors and other stakeholders and support the efficient functioning of the carbon credit market.

By applying the discounted cash flow approach and carefully considering the key inputs, DGB can obtain an accurate and comprehensive valuation of its nature-based carbon credit pipeline.

Key inputs and assumptions

To ensure an accurate valuation of DGB's carbon credit pipeline, the following key inputs must be carefully estimated and validated:

Projected carbon offset generation

Estimate the volume of carbon credits generated by DGB's projects over time, considering factors such as tree growth rates, carbon sequestration rates, and cookstove efficiency improvements. Base projected revenues on the expected volume of credits.

Carbon credit prices

Evaluate future carbon credit market prices by considering supply and demand dynamics, regulatory changes, and market trends.

Project lifespan

Estimate the useful lives of DGB's projects, taking into account the expected duration of tree growth, carbon sequestration, and energy-efficient cookstove lifespans.

Operating costs

Estimate the costs to maintain and operate DGB's projects, including tree planting and maintenance expenses, cookstove manufacturing and distribution costs, and monitoring and verification costs. Consider historical and expected ongoing costs, as well as factors such as land acquisition, labour, maintenance, monitoring, and reporting requirements.

Discount risk rate

Evaluate risks and uncertainties associated with DGB's projects, including regulatory changes, environmental factors, and technological advancements. Choose a discount rate that reflects these risks and current market conditions and accurately captures the time value of money and the specific risks inherent in DGB's carbon credit pipeline.

Project valuation model

Phase 1: Early development

During initial stages like pre-feasibility and feasibility studies, valuation focuses on development costs. At this stage, projects do not yet have projected carbon credit values, so asset valuation only accounts for associated costs.

Phase 2: Under development

As the project progresses, the anticipated carbon credit value is included in the valuation. Phase 2 valuation employs the income and DCF approach, considering market prices and other factors, with a 50% risk factor applied due to uncertainties.

Phase 3: Listed on carbon offset registry

Upon registry listing, asset valuation includes the value of validated but unverified carbon credits. Phase 3 valuation uses the income and DCF approach, based on market prices and projected credit volume, with a 30% risk factor.

Phase 4: Under verification

During verification, asset valuation incorporates the value of verified carbon credits. Phase 4 valuation uses the income and DCF approach, considering market prices at issuance and credit volume, with a reduced risk factor of 10%.

Phase 5: Issuance and trading

In the final stage, carbon credit value is determined by market prices at issuance and credit volume. Phase 5 valuation employs the income and DCF approach with a risk factor of 5%, as uncertainties are minimised, and credits are ready for trading.

Sensitivity Analysis

Carbon credit pricing

Carbon credit pricing for the valuation is based on current market transactions, using illustrative sale prices for cookstove projects and for afforestation and reforestation (AR) projects. Per the publication date, this is \$10.00 per credit for cookstove projects and \$18.00 per credit for AR projects.

Although the Board of Directors anticipates a price increment in line with the McKinsey, BCG, and EY Net Zero Centre's forecasts for verified emission reduction prices, this potential price increase has not been included in the valuation model to maintain a conservative approach.

Net present value

To determine the net present value (NPV) of the projects, an 8% discount rate is applied. This rate is chosen to account for the time value of money, risks associated with the projects, and current market conditions. By using an 8% discount rate, the valuation provides a balanced perspective on the potential future cash flows from the sale of carbon credits, while considering the uncertainties inherent in carbon credit projects.

Quarterly update

A quarterly sensitivity analysis is performed to assess the impact of changes in key assumptions and inputs on the valuation results. This analysis helps identify areas of uncertainty and potential risks associated with the projects. The sensitivity analysis includes the following:

1. Changes in projected carbon offset generation: Assessing the impact of variations in carbon credit generation due to factors such as tree growth rates, carbon sequestration rates, and cookstove efficiency improvements.
2. Fluctuations in carbon credit prices: Evaluating the effect of changes in future market prices for carbon credits on the valuation results.
3. Variations in project lifespan: Analysing the impact of changes in the expected duration of tree growth and carbon sequestration, as well as the lifespan of energy-efficient cookstoves.
4. Alterations in operating costs: Examining the effect of variations in tree planting and maintenance expenses, cookstove manufacturing and distribution costs, and monitoring and verification costs.
5. Different discount rates: Assessing the impact of changes in the discount rate on the present value of future cash flows under the DCF approach.

The results of the sensitivity analysis provide valuable insights into the potential risks and uncertainties associated with DGB's nature-based carbon credit pipeline, allowing DGB to make informed decisions and adjust its strategies accordingly.

Contracts to deliver carbon offsets

Entering into contracts to deliver carbon offsets in the future is a vital aspect of DGB's business model. These contracts can have diverse terms and conditions, making it essential to determine the appropriate accounting treatment for each agreement.

Regardless of the type of forward contract DGB enters into—whether it involves prepayment, payment at delivery, or another trade structure—the project valuation approach outlined above will be maintained. However, the transactions associated with these contracts will be accounted for in accordance with IFRS guidelines, ensuring consistency and compliance with the relevant accounting standards.

This approach allows DGB to maintain transparency in its financial reporting and provides stakeholders with a clear understanding of DGB's commitments and expected cash flows from carbon credit sales.



Corekees site visit Twala Tribe, Laikipia County, Kenya

Risks and uncertainties

Nature-based carbon credit valuation is subject to various risks and uncertainties. This section discusses the regulatory environment and its impact on valuation, technological advancements and their effects on DGB's project viability, and market fluctuations and their implications for carbon credit pricing.

Regulatory environment and its impact on nature-based carbon credit valuation

The regulatory environment has a significant impact on the valuation of nature-based carbon credits. Changes in regulations and policies can affect the demand for carbon offsets and their pricing. Additionally, variations in compliance requirements, standards, and certification processes may influence the cost and time associated with project implementation and carbon credit generation. DGB should closely monitor regulatory developments and assess their potential impact on project valuation.

Technological advancements and their effects on DGB's project viability

Advancements in technology can have both positive and negative effects on DGB's project viability. On the one hand, innovations in tree planting techniques, carbon sequestration measurement, and energy-efficient cookstoves may lead to improved project efficiency and reduced costs. On the other hand, the emergence of alternative carbon reduction technologies and practices may create competition for nature-based solutions, affecting the demand for and pricing of DGB's carbon credits. DGB should stay abreast of technological developments and be prepared to adapt its strategies to maintain the viability of its projects.



Nicholas Wall, Sawa Reforestation Project, Centre Region, Cameroon

Market fluctuations and their implications for carbon credit pricing

Market fluctuations can have significant implications for carbon credit pricing. Factors such as changes in the supply and demand for carbon offsets, economic conditions, investor sentiment, and global climate policies can influence carbon credit prices. Volatility in carbon credit prices can affect the valuation of carbon projects and DGB's cash flows.

To mitigate the impact of market fluctuations on project valuation, carbon project developers should consider various pricing scenarios and develop risk management strategies, such as:

1. **Securing long-term contracts with fixed prices:** By entering into long-term contracts with customers at fixed prices, carbon project developers can lock in a stable revenue stream and protect themselves against potential declines in carbon credit prices.
2. **Implementing hedging mechanisms:** Carbon project developers could explore financial instruments, such as futures, options, or swaps, to hedge their exposure to carbon credit price fluctuations. Hedging strategies can help minimise the impact of price volatility on the developer's financial performance.
3. **Diversifying their project portfolio:** Carbon project developers may consider diversifying their project portfolios by investing in different types of carbon offset projects or expanding into different geographic regions. A diversified portfolio can help reduce the developer's exposure to risks associated with a particular project type or market.
4. **Monitoring market trends and policy developments:** Regularly analysing market trends and policy developments will enable carbon project developers to anticipate changes in carbon credit prices and adjust their business strategies accordingly.

By proactively managing these risks and uncertainties, DGB can strengthen its position in the carbon credit market and ensure the long-term success of its nature-based carbon offset projects.

Future considerations

As the market for carbon credits continues to evolve and the focus on nature-based solutions to mitigate climate change intensifies, it is essential to consider the following future developments in carbon credit accounting and valuation:

1. The possible development of new accounting standards and guidelines specifically addressing nature-based carbon credits to ensure consistency and comparability across the industry.
2. The potential impact of emerging carbon markets and trading platforms on the pricing and liquidity of nature-based carbon credits.
3. The increasing importance of transparency and disclosure in carbon credit accounting and reporting, as stakeholders demand greater insight into projects' environmental, social, and governance (ESG) performance.

DGB should stay informed of these developments and be prepared to adapt its accounting and valuation practices accordingly.

Summary of key findings

This position paper examined the accounting and valuation considerations for DGB's carbon credit pipeline, focusing on tree planting and energy-efficient cookstoves projects. It explored the relevant IFRS accounting standards, such as IAS 41, IAS 16, IAS 38, IFRS 13, and IFRS 15, and their application to DGB's projects. The paper also discussed various valuation methodologies, including the discounted cash flow and income approach, along with the results and sensitivity analysis for DGB's project valuation.

Additional resources and references

1. KPMG Advisory: Carbon offsets and credits - IFRS accounting standards. URL: <https://advisory.kpmg.us/articles/2023/carbon-offsets-credits-ifrs-accounting-standards.html>
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Contact us

DGB is a project developer of high-quality, large-scale carbon and biodiversity projects accredited by third parties. Our goal is to help nature flourish and prosper.

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