

Introduction

We envision a global economy that uses business as a force for good. This economy is comprised of a new type of corporations, which are purpose-driven and create benefit for all stakeholders, not just shareholders. Furthermore, as an issuer of investment products, Helveteq aims to maximize its transparency with respect to Environmental, Social and Governance (ESG) aspects. This marks the first step in our sustainability journey, which we have proudly taken upon ourselves in the form of our mission “Crypto goes carbon neutral”. This document shall delineate how Helveteq plans to go about achieving its sustainability goals and which rules and criteria it has imposed on itself.

CRYPTO GOES CARBON NEUTRAL

Why “Crypto goes carbon neutral”?

The blockchain technology and digital/crypto assets based on it are very promising. However, because they are driven by high levels of computing power, the related energy consumption is staggering. The operation of innumerable data centers related to blockchain validations means there are huge greenhouse gas emissions, first and foremost CO₂, caused by this technology.

To put some perspective on the numbers: Proof-of-work (PoW) networks such as Bitcoin and Ethereum are so energy intensive that they require 2x and 1.5x respectively the yearly electricity consumption of the country of Switzerland to keep operating. Proof-of-stake (PoS) networks such as Cardano or Solana require substantially less energy consumption. The impact of each blockchain on the environment, measured by its carbon dioxide emission, varies and changes over time.

As the use of blockchain and digital assets grows, so does the carbon dioxide emission. This is not sustainable. Helveteq, which is dedicated to ESG transparency, has decided to start the movement “Crypto goes carbon neutral”.

All our digital/crypto asset products are designed to be carbon neutral. They have a mechanism built in to calculate the carbon emission effect they cause as they grow in size and usage. The respective carbon emission effect is compensated by Helveteq’s investments in credits of private projects that reduce or avoid carbon emissions globally. The compensation is fully paid out of Helveteq’s investor fee income.

Cooperation with University of Zürich

As part of our engagement strategy, we entered a long-term cooperation with Swiss FinTech Innovation Lab of the Institute for Banking and Finance at the University of Zurich (UZH) that led to the development of a novel model on how to calculate and compensate the carbon footprint of assets powered by blockchain technology.

In a truly innovative and exclusive partnership between academia and the financial sector, the University of Zurich {Swiss FinTech Innovation Lab} assesses the carbon footprint of each underlying blockchain, such as Bitcoin or Ethereum or Solana, for Helveteq. These calculations are the basis of our carbon offsetting approach for the products we issue.

Research on the topic of the exact carbon footprint of blockchains is a relatively novel field and controverse. A commonly agreed framework has yet to emerge. The energy mix used by the participants, the consensus mechanism applied, the way different blockchains incorporate growth and new transactions are all reasons for this. Therefore Helveteq sponsors the University of Zurich for academic research in this field. Helveteq and the University of Zurich also engage in joint events to explain how “Crypto goes carbon neutral” works.

Our cooperation achieves two goals in one. Firstly, we can create scientifically based carbon neutral products for responsible investors. Secondly, we are advancing publicly available research on the topic for all market participants.

Methodology of calculating the carbon compensation amount

The University of Zurich {Swiss FinTech Innovation Lab} has established a “life cycle model” for the analysis of the carbon footprint of each blockchain used in Helveteq’s products. The life cycle model essentially differentiates between the energy, and of course carbon, usage of *transactions* on a blockchain versus the *holding* of digital/crypto assets on a blockchain.

Helveteq calculates its number of transactions and its holding of digital assets versus the total blockchain community monthly. Accordingly, we compensate the carbon impact of our investor-led transactions *and* holdings based on the carbon values derived by the University of Zurich research.

In a month in which we execute a high number of transactions versus the average blockchain user, but the holding value is less significant, we will compensate more at the transactional carbon impact level. In a month in which our holdings grow very fast versus the average user, but our transactions are moderate, we will compensate more at the transactional carbon impact level.

Consequently, the level of Helveteq's carbon compensation fluctuates and is not predetermined in a simplistic fashion.

Projects we finance with our carbon compensation

Helveteq offsets the carbon impact of its products through the purchase of carbon credits issued by projects that are certified under approved global standards. These include the United Nations' CDM (Clean Development Mechanism), the VCS (Verified Carbon Standard) and the Gold Standard. By purchasing carbon credits of these projects for each ton of carbon emissions caused, Helveteq helps to reduce or avoid the equivalent amount of carbon on behalf of investors.

In the Appendix to this document, you will find the current projects we support.

Appendix I: Current projects we support

1. **Clean water Rwanda-** <https://www.southpole.com/projects/safe-community-water-supply>



The water quality in Rwanda is typically not safe to drink; for clean water, families must either boil it over inefficient wood-fueled fires or travel long distances. The burden of source water, sometimes hours each day, or suffering respiratory illnesses from inhaling smoke from the indoor fires, significantly impacts women and children.

This project restores and repairs existing boreholes to provide clean drinking water to Rwandan communities, removing the need to boil water for purification. Each borehole is up to 100 meters deep and can be operated with a simple hand pump. The boreholes will be maintained over the project lifetime.

IMPACT

- 68,000 people benefit from project benefits, improving the livelihoods of communities;
- 85,000 tons of wood saved, relieving pressures on surrounding forests;
- 140,000 tons of CO₂ equivalent mitigated on average annually by removing the need to boil water on wood fires for purification;
- 50 million liters of clean water are supplied by project boreholes annually;
- SDGs: 1, 6, 13, 15

2. Electricity Generation through Wind Power by SRHHL

<https://cdm.unfccc.int/Projects/DB/RWTUV1318841666.59/view>



The project activity consists of setting up Wind Turbine Generators (WTG) with a total capacity of 4.95 MW (1.65 MW x 3) in Tamil Nadu by Sree Rayalaseema Hi-Strength Hypo Limited, (hereafter referred as SRHHL).

The project activity generates power by using wind's kinetic energy, thus resulting in zero emissions during electricity production.

The power produced displaces an equivalent amount of energy from the grid, fed mainly by fossil fuel-fired power plants. Hence, it results in the reduction of GHG emissions.

Additionally, the project activity contributes to the sustainable development goals of the host country in the following ways: Social, Economic, Environmental and Technological wellbeing.

IMPACT

- 11,213 tons of CO₂ equivalent per annum;
- SDGs: 1, 7, 13

3. Clean Hydropower in Laos

<https://www.southpole.com/uploads/media/gs2766-xenamnoy-1-hydropower-project-renewal-pdd.pdf>



Many people in Laos rely on unsustainable firewood for their energy needs, which unfortunately contributes to shrinking tropical forests.

This project capitalizes on Laos' enormous hydropower potential to supply the surrounding region, and particularly the rural communities, with a sustainable source of clean energy. This run-of-the-river hydropower station harnesses flowing water to provide enough clean electricity for the needs of over 110,000 people in Laos each year!

The project also contributes to local sustainable development by providing job opportunities, improving the local infrastructure, and implementing a water supply program for the villagers. In addition to this, a new temple has been built for the local community, respecting the religion of residents.

IMPACT

- 85,000 MWh of affordable, reliable, sustainable and modern energy per year;
- 47,930 tons of CO₂ equivalent mitigated on average annually;
- SDGs: 7,8,13.

4. Wastewater treatment in Thailand

<https://www.southpole.com/uploads/media/0044-1.pdf>



The General Starch factory in Kornburi District produces tapioca starch from dried cassava that is grown by farmers in the region. This process creates vast amounts of wastewater which is stored in a series of open lagoons. The large size of these lagoons and the warm temperature creates perfect conditions for the breakdown of organic compounds in the wastewater. This produces large amounts of the greenhouse gas methane, which is known to contribute to global warming.

The existing process has been modified into a closed loop system that captures the methane emissions and uses them to generate heat and electricity for the factory. The project not only reduces GHG emissions by avoiding the release of methane into the atmosphere, but also by reducing fossil fuel consumption.

The treatment process has improved wastewater quality, so that the water can now be reused in the factory for washing the cassava, saving precious local groundwater resources. The new technology has improved local air quality as it reduces the unpleasant odor and noxious emissions from the lagoons.

IMPACT

- 39,411 tons of CO₂ equivalent per annum;
- permanent local jobs created;
- SDGs: 8, 9, 13.

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