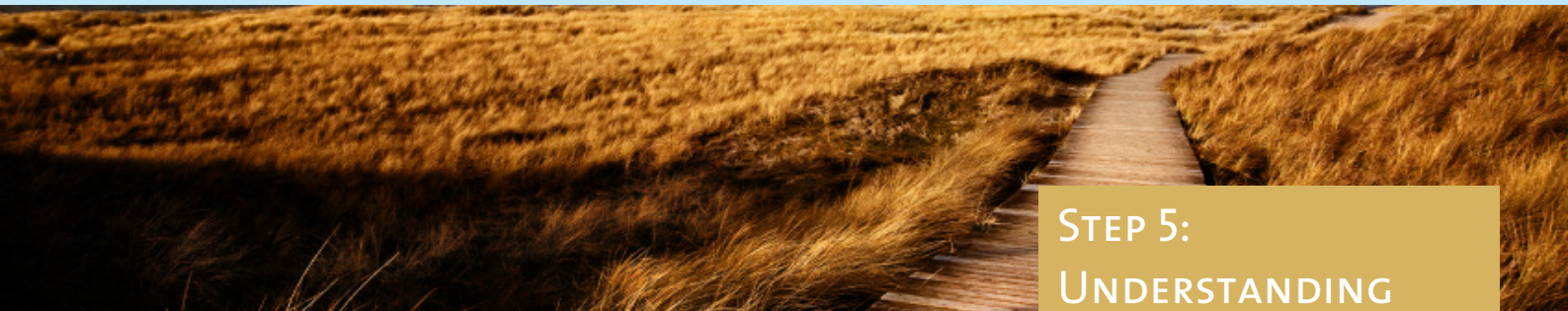


VOLUNTARY CARBON OFFSETTING



EARTHCHECK



STEP 5: UNDERSTANDING CARBON OFFSETS

Carbon offsets are sold through regulated or voluntary markets. Regulated markets help countries meet their obligations under the Kyoto Protocol and when using emissions trading schemes (ETS).

Voluntary markets function outside of this regulated market. Carbon offsets accredited by standards for the voluntary market cannot be sold or purchased

through emission trading schemes.

Australia has a number of certification standards however, these standards are likely to be reviewed and restructured over the next few years as the Australian Government develops and rolls out the Carbon Pollution Reduction Scheme (carbon emissions trading scheme).

The carbon offset market has grown rapidly over the past few years. The industry in Australia is currently unregulated and it is important that businesses ensure the projects they invest in provide the greenhouse gas (GHG) reductions they claim.

The easiest way to have confidence in an offset provider or project is to use one that meets a recognised accreditation standard.

1. AUSTRALIAN STANDARDS AND ACCREDITED SCHEMES

New South Wales Greenhouse Gas Abatement Scheme (NSW GGAS)

The NSW GGAS was one of the first mandatory GHG emission trading schemes in the world. The scheme commenced in 2003 and was initially for electricity retailers who were required to meet GHG reduction targets by purchasing project based offsets.

The GGAS Rules were established to assess offset projects so abatement certificates could be created and purchased by companies in the scheme. Businesses outside the scheme can now also purchase these accredited abatement certificates to offset their emissions. One certificate is equivalent to abating of one tonne of carbon dioxide. For more information visit:

www.greenhousegas.nsw.gov.au



Greenhouse Friendly™

The Australian Greenhouse Friendly™ program certifies products and services that have been fully offset with approved Greenhouse Friendly™ abatement projects. To be eligible for Greenhouse Friendly™ approval, abatement providers must assess current emission levels and then calculate the expected abatement for each year of the five-year approval period. Any significant risks that could affect the estimate and achievement of emissions reduction are mitigated through a risk management plan.

The certification process of products and services is based on the principles of life cycle assessment where all the GHG emissions associated with the production, use and disposal of a product or service are calculated and then fully offset by approved Greenhouse Friendly™ abatement providers. All assessments are independently verified. For more information on climate change visit: www.climatechange.gov.au/greenhousefriendly

GreenPower

GreenPower is a government accreditation scheme to certify renewable energy projects in Australia. Energy retailers invest in renewable energy projects on behalf of participating businesses. The GreenPower program conducts independent audits of energy retailers to ensure retailers are investing in renewable energy. For more information visit: www.greenpower.gov.au/accredited-products.aspx



2. INTERNATIONAL STANDARDS

Australian businesses can also invest in carbon offset projects in other countries. The World Wildlife Fund (WWF) regularly reviews certain carbon offset standards and provides information for businesses looking to invest. They use the Kyoto Protocol CDM (refer below) as the baseline standard against which the other standards are compared. For the 2008 review visit: www.wwf.de/fileadmin/fm-wwf/pdf_neu/A_Comparison_of_Carbon_Offset_Standards_lang.pdf

Clean Development Mechanism (CDM) and Joint Implementation (JI)

The Kyoto Protocol CDM and JI enable developed countries to assist developing countries to implement projects to reduce GHG emissions by accrediting projects in developing countries that can be sold on the voluntary or regulated market. For more information visit: cdm.unfccc.int

Gold Standard

The Gold Standard is a certification scheme that recognises the best carbon offset programs in CDM. These projects not only reduce carbon emissions but also promote sustainable development. This standard was developed by the WWF in conjunction with other environmental NGOs, governments and corporations. It uses the same framework as CDM but also incorporates additional environmental and social indicators to promote sustainable development. For more information visit: www.cdmgoldstandard.org

Gold Standard for Voluntary Offset Projects

Gold Standard for Voluntary Offset Projects is a simplified version of Gold Standard for voluntary emission reductions. For more information visit: www.cdmgoldstandard.org/

Voluntary Carbon Standard

Voluntary Carbon Standard can approve any project that meets its methodology standards. It was developed by the Climate Group, the World Economic Forum and the International Emissions Trading Association to provide a new global certification system to increase public confidence in carbon offset projects. For more information visit www.v-c-s.org/

VER Plus

VER Plus is a certification system that assists projects that did not meet the requirements under the CDM process but still wish to proceed under a similar mechanism. For more information visit: www.global-greenhouse-warming.com/VER-plus.html