



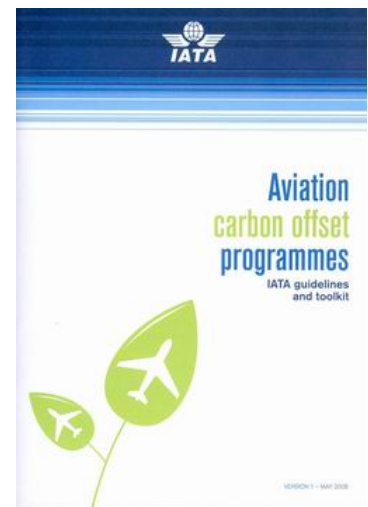
# Industry Carbon Offset Program

## Introduction

- In many countries both individual people and corporations are becoming increasingly aware of the need to reduce their carbon footprint
- This is true for airlines as well. The industry is constantly improving fuel efficiency but passengers and corporate customers also want the opportunity to offset their own emissions created by flying
- Carbon offsets give passengers the opportunity to compensate for their flight-related emissions by paying someone to make an equivalent greenhouse gas saving
- They offset their share of a flight's emissions by investing in carbon reduction projects that generate carbon credits
- Over 30 airlines offer passengers the opportunity to offset. These programs have different methodologies for calculating emissions and different criteria for the offset projects.
- Pick-up rates (where reported) have tended to be low and many passengers are sceptical about where their money is going
- This has created the need for a high quality, credible and transparent offset program for airlines

## IATA Carbon Offset Program

- In response to airline demand IATA
  - Produced best practice guidelines on structuring and implementing carbon offset programs
  - Created an industry-wide carbon offset program
- IATA's Carbon Offset Program offers
  - Best practice, standard methodologies
  - Single customer purchase transactions
  - Offset tracking
  - Purchase of credible emission reduction projects
  - Independent verification of the program

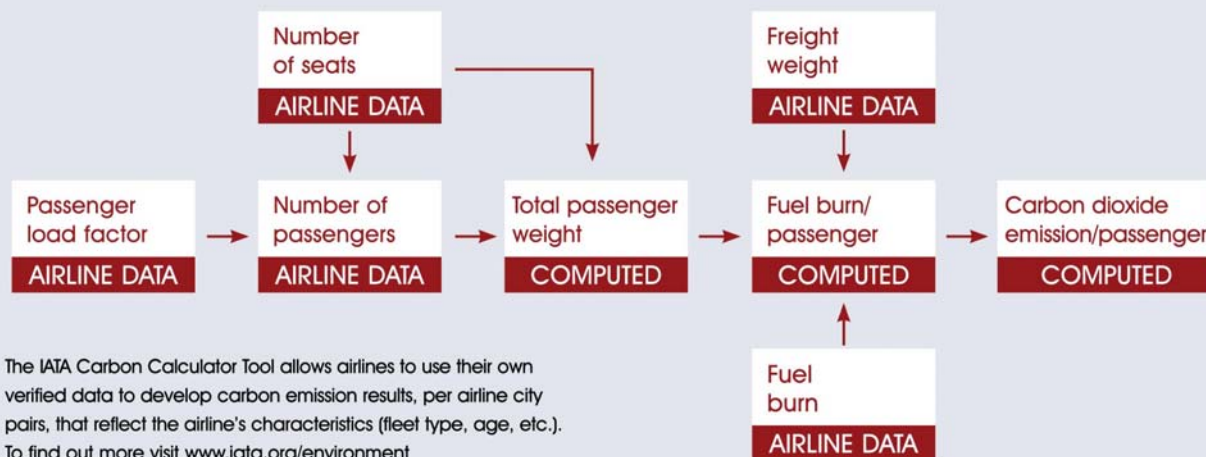


## Key Elements of the IATA Carbon Offset Program

- Program is based on IATA providing management services to allow airlines to offer carbon offsets to passengers through their web-sales
- The CO<sub>2</sub> emission calculator is based on the ICAO methodology
- Passengers can choose from up to three offset projects selected by the airline
- IATA identifies and quality controls the CO<sub>2</sub> projects including
  - Project selection process
  - Arranging carbon credit purchase
  - Provision of project information for marketing purposes
  - Management and provision of CO<sub>2</sub> offset tracking
- The IATA Program is accredited under the UK Government's Offset Quality Assurance Scheme including endorsement of the IATA Carbon Calculator Tool



## IATA Carbon Calculator Tool



Note: All values are the average across all flights for the city pair flown.

Source: IATA

## Current Status

- 5 IATA member airlines have already signed up to the program
- TAP was the launch airline on 5 June 2009
- Phase II roll-out is planned to include corporate and over-the-counter (OTC) sales, travel agents and global distribution systems (GDS)
- IATA is actively looking for more airlines to join the program



### TAP Portugal's Offset Project: Aquarius Hydroelectric Project, Mato Grosso State, Brazil

TAP has selected carbon credits from a small-scale, renewable energy project in Brazil. The project is a grid-connected run-of-river hydropower plant (with no dam or flooding) and is registered under the United Nations Framework Convention on Climate Change (UNFCCC) Clean Development Mechanism (CDM). It partly replaces fossil fuel-based electricity generation and is expected to reduce greenhouse gas (GHG) emissions by approximately 15,000 tonnes CO<sub>2</sub> equivalent per year. The independent verification report confirmed that, in the period between 15 December 2006 and 31 December 2007, the project reduced emissions by 19,024 tonnes CO<sub>2</sub> equivalent.

## IATA Contacts

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