

POLICY: CARBON CREDIT ACQUISITION



1 PREAMBLE

The Policy is intended to define the investment objectives of **Paying.Green®** and to specify the framework and standards for investing donations received in carefully selected, non-speculative voluntary market carbon offset credits in various qualifying projects, domestically and abroad that are retired to the benefit of the environment.

2 ACQUISITION OBJECTIVES

The acquisition objectives of the Board of **Paying.Green®** are to:

- (a) Only acquire carbon offsets from industry standard, compliant, secure and legitimate registries and carbon exchanges;
- (b) Only acquire carbon offsets generated through trustworthy carbon offset projects;
- (c) Acquire carbon offsets from both the voluntary and regulatory/compliance markets;
- (d) Retire carbon credits immediately, or as soon as possible, after acquisition to benefit the environment;
- (e) Where possible only acquire carbon offset credits in the wholesale market to avoid resale margins to optimise the investment;
- (f) Not speculate with carbon credits in secondary markets.

3 CARBON OFFSET PROJECTS

Carbon offset credits generated through trustworthy carbon offsets projects are to be evaluated in accordance with the selection criteria included in **Appendix A** under the following categories:

- (a) Does the carbon offset project comply with recognised emission protocols?.
- (b) Has the carbon offset project been audited and verified in accordance with credible global standards for certifying carbon emissions reductions including accreditation standards for Voluntary Carbon Markets;
- (c) Geographic distribution of projects and co-benefits;
- (d) Types of carbon offset projects;
- (e) Price of carbon offsets.
- (f) Vintage

4 BROADER OBJECTIVES OF CARBON OFFSETTING

The global standards for certifying carbon emissions reductions forming part of this policy incorporates the following common objectives around carbon offset projects:

- a) *Needs to be financially additional* – funds invested into carbon offsetting is to be more than the status quo. Projects need to demonstrate a level of quantifiable financial investment;
- b) *Needs to be environmentally additional* – must be additional to the existing environment; that is, carbon offsets cannot be claimed on situations that would have occurred anyway.
- c) *Needs to be permanent* - permanence is a very important requirement for a carbon offset.
- d) *Leakage cannot occur* - a project cannot result in an increase of emissions elsewhere.
- e) *Needs to be validated and verified* - must use a methodology that conservatively quantifies its emissions reductions through a scientifically valid approach. The project must be audited by an independent third party to quantify the number of tonnes of greenhouse gas that it has saved.

5 ACQUISITION EFFICIENCY

It is the stated objective of **Paying.Green®** to maximise donations and sponsorships received into carbon offset credits and ensuring that sponsorships do not accumulate in **Paying.Green's** bank account.

Paying.Green® should target investment of donations and sponsorships within 30 days of receipt of funds.

6 REPORTING

In addition to regulatory reporting requirements, **Paying.Green®** should prepare and provide regular updates to large donors and sponsors on:

- (a) Carbon offset projects supported and selection criteria applied;
- (b) Current progress including co-benefits of carbon projects supported;
- (c) Volumes and pricing of carbon credits acquired;
- (d) Confirmation that acquired carbon credits have been cancelled/retired.

APPENDIX A: SELECTION CRITERIA FOR CARBON OFFSET PROJECTS

Category	Selection criteria
<p>Accreditation standards for Voluntary Carbon Markets</p>	<p>Projects preferably need to comply with one of the following recognised voluntary carbon market accreditation standards:</p> <ul style="list-style-type: none"> • Verified Carbon Standard (VCS) - VCS provides validation and verification for projects and often accepts projects that have applied CDM methodologies; • Voluntary Gold Standard (GS VER) - is a methodology for use within the voluntary carbon market. Projects which meet this standard have additional social/economic benefits such as providing increased employment opportunities in a disadvantaged region or improving water quality. • Other credible Voluntary Carbon Market Standards comparable with the Verified Carbon Standard or the Voluntary Gold Standard • Do not acquire carbon credits that are deemed Financial Products in Australia. Example of these include CER credits.
<p>Geographical Balance & co-benefits</p>	<p>Consideration should be given to a balanced geographical spread of offset projects.</p> <p>Projects in Least Developed Countries (“LDCs”) should be prioritised and take into account social and economic co-benefits derived from carbon offsetting as contemplated in the United Nations Sustainable Development Goals (SDGs):</p> <p>Offset projects are to, where identified by the UNCFCCC project provider, support the United Nations Sustainable Development Goals (SDGs) to improve health and education, reduce inequality and drive economic growth all whilst addressing climate change and working to preserve the environment.</p> <p>Goal 1: No Poverty Goal 2: Zero Hunger Goal 3: Good Health and Well-being Goal 4: Quality Education Goal 5: Gender Equality Goal 6: Clean Water and Sanitation Goal 7: Affordable and Clean Energy Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 10: Reduced Inequality Goal 11: Sustainable Cities and Communities Goal 12: Responsible Consumption and Production Goal 13: Climate Action Goal 14: Life Below Water Goal 15: Life on Land</p>

Category	Selection criteria
	Goal 16: Peace and Justice Strong Institutions Goal 17: Partnerships to achieve the Goal
Type of carbon offset project	Consideration should be given to a balanced portfolio of offset projects supported. There are various types of offset projects including but not limited to forest regeneration, native reforestation, revegetation, reducing nutrient run-off to reefs, bush fire management in Aboriginal land, biogas in electricity and cooking, cookstoves, wind farms, hydroelectric, safe water access, solar farms, waste water treatment to renewable energy, geothermal power, landfill waste to energy, etc.
Price of carbon offsets	Carbon offset projects in developing countries are valued lower than in developed countries. Consideration should be given to both quality and price in the selection of carbon offsets to ensure long term sustainability of offset projects.
Vintage	Preference should be given to offset projects with a more recent vintage. Older offset projects may have passed their payback periods and provide less environmental benefits.