



20th February 2008. For immediate release.

Statement from a coalition of eight leading carbon offset providers:

DEFRA Government Offsetting Code to remain open to quality VERs (Verified Emission Reductions).

Eight leading international carbon offset companies, together supplying both CERs and VERs to the beyond-compliance market, have today welcomed the UK Government's Offsetting Code and its recognition of the important role played by Verified Emissions Reductions (VERs).

When Defra in the UK published its draft version of the Code (Jan 2007) 'Kyoto-compliant' carbon credits only were included. However, following a twelve month consultation that saw support for VERs from experts as varied as NGOs and academics through to Parliament's own Environmental Audit Committee, Hilary Benn stated yesterday that "we recognise that credits from the unregulated market may be innovative and of a very high standard".

As a group of eight leading carbon offsetting companies, representing most of the leading suppliers by volume in the beyond-compliance carbon (voluntary) market, we welcome the government's adoption of the key principles already used by the market for selection of VER and CER emission reduction programmes – from additionality and leakage through to permanence and verification. It's appropriate and welcome that Defra has listened to the market and is taking a lead from it.

The beyond-compliance carbon market, which kick-started carbon trading in the mid-nineties, is global, cross-sectoral and growing extremely fast. The industry has professionalised over the last 5 years, and has seen in the launch of new quality standards for VERs including the Gold Standard (GS VER) and the Voluntary Carbon Standard (VCS), with registries for the VCS and GS in development along with a planned project database linking the two. (see Notes below)

We firmly believe that there is increased interest from people and business in acting beyond compliance, i.e. reducing emissions because they want to not because they have to. This is the carbon market coming of age, and we look forward to working with the UK Government to keep them informed participants in the global development of this innovative and fast-paced emergent market – one that is already generating important investments and innovative solutions towards tackling climate change.



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Notes to Editors:

- In Defra's press release and Hilary Benn's open letter, both published 19th February 2008, the valuable contribution of VERs was recognised:

- "... we recognise that credits from the unregulated market may be innovative and of a very high standard." (News Release)
- "The Government's decision [to leave the code open to the inclusion of VERs in the future] recognises the efforts of the industry so far to develop different standards for VERs." (News Release)
- "...VER projects can often be more innovative and provide additional sustainable development benefits". (Open Letter)
- "The Government believes that VERs can be just as rigorous and this was a point made during the consultation. The rapidly developing VER market has the potential to provide new and innovative project to reduce emissions." (Open Letter)

- Work has been underway for many years in developing standards for accrediting emissions reductions made outside of the compliance mechanisms such as the Kyoto Protocol – sometimes referred to as the Voluntary, or 'Beyond-Compliance' Carbon Market. These include:

- The **Voluntary Carbon Standard (VCS)** was launched in November 2007 following a 2 year consultation period. Founded by The Climate Group, IETA and WCBSD, the VCS was developed to provides a robust new global standard and institutional structure for certification of credible VERs, to increase confidence and drive growth in the beyond-compliance carbon market.
- The **Gold Standard** was founded in 2003 by a ground of non-government organisations, including the WWF, to create an independently audited, globally applicable best-practice methodology for carbon reduction project development. The Gold Standard label receives worldwide recognition and is officially supported by 49 environmental and development organisations. In May 2006, recognising the potential of projects not applicable to the Kyoto CDM mechanism, the Gold Standard launched its Gold Standard for VERs.

- The importance of the beyond-compliance (voluntary) market is that it goes above and beyond the emissions reductions achieved by existing legislation. It's important roles are widely recognised, and include:

- Stimulating and supporting innovative approaches to carbon reduction.
- Funding reductions of greenhouse gases not covered by Kyoto or in countries such as Turkey excluded from Kyoto-based carbon market.
- Funding smaller scale community-based projects with strong addition sustainable development benefits.

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