



climate neutral



Climate Neutral Protocol

Quality Standards for Climate-Neutral Activities

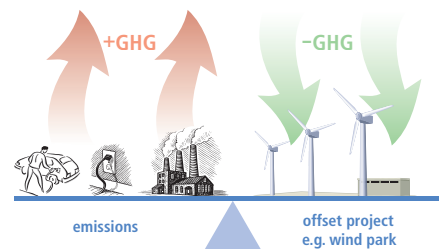
Science has identified greenhouse gas (GHG) emissions as the main cause for climate change, with carbon dioxide (CO₂) being the predominant compound. Therefore GHG – in particular CO₂ emissions - should be avoided or reduced from the outset wherever possible. Unfortunately this cannot always be achieved. But even where emissions cannot be avoided, there is an option to contribute to climate protection – through climate neutrality.

This Climate Neutral Protocol describes the quality standards used for the 'climate neutral' label, which was developed in a project called 'Hessian Climate Partners'. The project was funded by the Hessian Ministry of the Environment. The protocol was written by 3C Consulting GmbH in close cooperation with TÜV SÜD, a global leader in the market for climate protection services. Other partners include Deutsche Bank AG, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, Deutsche Post World Net AG, Frankfurter Rundschau, HEAG mobilo GmbH, KfW Bankengruppe, Neckermann.de GmbH and T-Com.

Climate neutral – what does that mean?

The damaging effect of greenhouse gases is global; therefore it is irrelevant in terms of climate protection where emissions are being caused or where they are being avoided. Unavoidable emissions at location A can be compensated by initiating **additional** climate protection projects at location B, and thereby become 'climate neutralized'. This principle allows for services, events or even companies to be recognized as climate neutral and to be awarded the climate neutral label.

The principle of climate neutrality



Five Steps to develop and implement Climate Neutral Activities:

- Step 1** Explore where emissions can be avoided or reduced
- Step 2** Calculate the unavoidable emissions to be compensated for
- Step 3** Select a compensation project
- Step 4** Purchase high quality emissions reduction credits
- Step 5** Retire the certificates

Each of these steps is based on transparent quality standards.



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Step 1: Explore where emissions can be avoided or reduced

For the sake of credibility exploring all options for reduction or avoidance of greenhouse gas emissions should always be the first step in any effort towards climate neutrality. We recommend to introduce an environmental management system to systematically identify and realize potential options for avoiding or reducing emissions.

Step 2: Calculate the unavoidable emissions to be compensated for

The Kyoto Protocol defines six different greenhouse gases. Emissions are calculated based on data and methods from up-to-date and independent sources (e.g. the German Federal Environment Agency, the United Nations Environment Programme) or – in the case of industrial products such as cars – directly from manufacturers. Every factor influencing emissions is accounted for, and the system borders to the calculation are clearly presented, so that a conservative and comprehensible calculation is guaranteed.

Step 3: Select a compensation project

The credibility of a climate neutral activity depends on a number of factors: It should, of course, be part of a comprehensive climate protection strategy, and it should also reflect the core competencies of a company or organization. But first and foremost it is the ecological integrity of compensation projects selected to offset the activity which make or break the credibility of a measure. The following quality standards should be observed:

- *Verification:* The project's emission reductions have to be quantifiable. Projects are monitored and verified on an ex-post basis by independent third parties.
- *Additionality:* A climate protection project is eligible for emissions compensation only if it depends on the sale of emissions reduction credits for its financing, and only if it reduces actual emissions when compared to a realistic reference scenario (additionality). The additionality of compensation projects is audited by independent third parties.
- *Project types:* Projects using renewable resources and projects to increase energy efficiency are particularly suited to achieve climate neutrality. According to rules set by the UN certain project types, such as nuclear energy projects, are not eligible as climate compensation projects. Moreover there should be a preference for projects which are likely to bring an additional social benefit to their region.

Step 4: Purchase high quality emissions reduction credits

The emissions reduction credits are purchased directly from the developers of the compensation projects via transparent purchase agreements.

Step 5: Retire the certificates

For every ton of calculated greenhouse gases to be climate neutralized, one reduction certificate worth one ton of CO₂ equivalent will be retired. Fractions will be rounded up to a full ton.

Every certificate will be verifiably retired after it was used for climate neutral activities in order to make sure that it will not be used more than once to compensate for emissions. Certified Emission Reductions and Emission Reduction Units will be retired into the official state-run register created for this purpose. Verified Emission Reductions are retired in a transparent process verified annually by an independent Certified Accountant.

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