



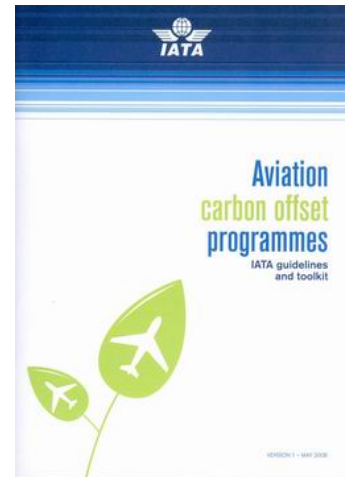
Industry Carbon Offset Program

Introduction

- In many countries both individuals 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.
- 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 designing and implementing carbon offset programs
 - Created an industry-wide carbon offset program
- IATA's Carbon Offset Program offers:
 - Greater clarity to passengers on where their funds go
 - Best practice, standard methodologies
 - Single customer purchase transactions
 - Offset tracking
 - Purchase of credits from credible emission reduction projects
 - Independent validation of the program

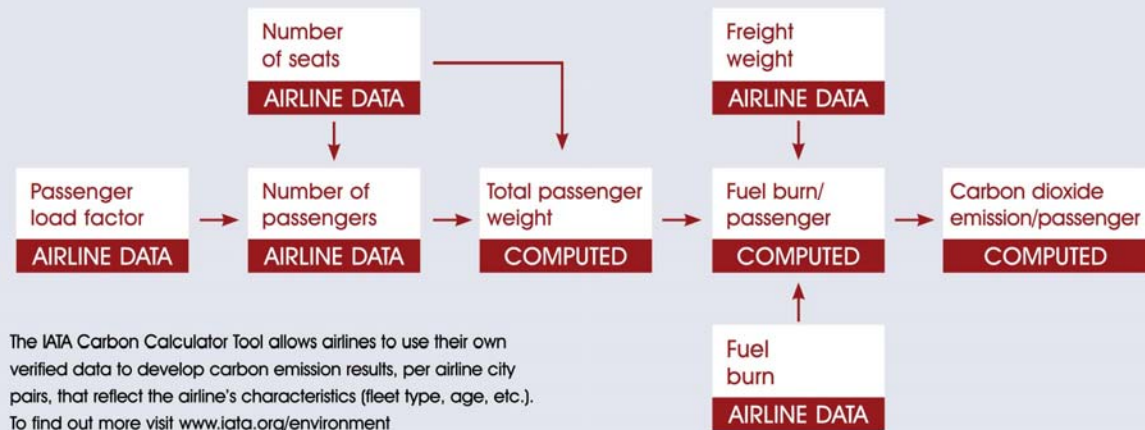


Key Elements of the IATA Carbon Offset Program

- IATA provides management services to allow airlines to offer carbon offsets to passengers through their web-sales.
- The CO₂ emission calculator is based on the ICAO methodology.
- IATA identifies and quality controls the CO₂ projects including:
 - Project selection process
 - Arranging carbon credit purchase
 - Provision of project information for marketing purposes
 - Management and provision of CO₂ 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



Current Status

- Seventeen IATA member airlines have already signed-up to the program.
- TAP was the launch airline in June 2009.
 - TAP's program won UNESCO's "Most Innovative Sustainable Product" award 2010
- Two global distribution systems (GDS) have also signed-up
- Phase II roll-out will include corporate and over-the-counter (OTC) sales, travel agents and further GDSs.
- 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 CO₂ 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 CO₂ equivalent.

IATA Contacts

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direct.gov.uk/offsetting