



# Carbon Neutral Deliveries for Business

## Quick Reference Guide



### A partnership which can deliver real advances in sustainability

Australia Post is uniquely placed to help our customers make significant gains when it comes to sustainable business practices.

In conjunction with Qantas Future Planet (QFP) - our national airline's B2B carbon offset program - domestic and international deliveries (to the international delivery hub) for our contract customers, now have the potential to be carbon neutral.

As a participant in the program, you now have the opportunity to purchase carbon credits to offset emissions from your deliveries within Australia. Of course, the choice as to how you put this into practice with your customers, is up to you.

In this guide, we outline the fundamentals of this exciting initiative and answer many of the frequently asked questions about how QFP delivers the program.



### How the program works

As part of the program, your organisation and your customers are making a positive difference with each delivery.

You'll be associated with two iconic and trusted Australian brands, and leaders in sustainability - Australia Post and Qantas - and you'll benefit from the experience of Australia's largest purchaser of voluntary carbon offsets, Tasman Environmental Markets (TEM).

First up, we'll create a customised emissions report, which will detail the carbon emissions generated through your deliveries, as well as a recommended offset solution.

We then connect you with the dedicated sustainability team at QFP, who'll support you directly throughout the life of the program. They'll guide you through the range of carbon offset portfolios available through TEM, and will help your business implement carbon neutral deliveries.

We'll also provide a customer toolkit containing a suite of customisable assets you can use in your communications, your website and your eCommerce store, to promote your commitment to sustainability.



### How what we're doing is already delivering results

With this program, we've already delivered more than 160 million carbon neutral parcels. That equates to cutting 200,000 tonnes of emissions, and is equivalent to taking 75,000 cars off the road.<sup>1</sup>

In partnership with QFP, the largest B2B carbon offset program of its kind,<sup>2</sup> imagine what we can achieve next together.

Partnering in carbon neutral deliveries



1. Source: [https://auspost.com.au/content/dam/auspost\\_corp/media/documents/commitment-to-environmental-sustainability.pdf](https://auspost.com.au/content/dam/auspost_corp/media/documents/commitment-to-environmental-sustainability.pdf)

2. Source: <https://www.qantas.com/au/en/qantas-group/acting-responsibly/our-planet.html>



## Frequently Asked Questions

### Who is the supplier used to purchase carbon credits?

Qantas Future Planet is a partnership between Qantas and Tasman Environmental Markets. TEM is Australia's largest purchaser of voluntary carbon offsets.

### Why does QFP partner with TEM?

Management of risk in purchasing and retiring carbon offsets should drive a company's offset procurement strategy. TEM is the largest offset provider in Australia and the team has over 60 years combined experience in global carbon markets. QFP manages the following risks on behalf of its clients:

- Counter party risk – QFP undertake extensive due diligence on the project proponent and on any third-party transactions, and provide transparency to the source of the credit supply and integrity of offset purchase.
- Price risk – QFP have the systems and processes to manage the fluctuation and volatility in offset price over the term of the offset supply contract managed, on individual projects and across portfolios.
- Market risk – QFP have the experience and capacity to understand the supply and demand dynamics of different carbon markets to secure a predictable supply.
- Policy risk – QFP track the changes to domestic and international government policy, standards, carbon markets and certification schemes that informs future offset purchasing.
- Supplier risk – as a specialist buyer of carbon offsets, QFP have the people, systems and processes to manage client risks and they operate under an AFSL.

### What is a carbon offset?

One carbon offset represents one metric tonne of greenhouse gas emissions reduced or removed from the atmosphere. A carbon offset is created by either a) removing one tonne of emissions from the atmosphere by, for example, planting forests or b) preventing one tonne of emissions from reaching the atmosphere by, for example, replacing a fossil-fuel burning power plant with a wind farm.

### What is carbon offsetting?

Carbon offsetting allows individuals and businesses to invest in environmental projects around the world in order to reduce their carbon footprint. Projects are most commonly designed to reduce future emissions, such as through clean energy technology or protecting ancient forests from being cleared. One carbon offset is equal to one metric tonne of carbon dioxide reductions.

### What is carbon neutral?

An activity, product or organisation is carbon neutral when its greenhouse gas emissions are equal to zero. To become carbon neutral, companies must rigorously calculate their emissions, reduce them as much as possible, then purchase and retire carbon offsets to the equivalent of the remaining emissions.

### How do you know the offset is really happening?

QFP only supports carbon offset projects that are verified at the highest of international standards. Of course, it is critical to ensure that the emission reductions generated by these projects are actually occurring. This is the work of accreditors like the VCS Program and the Gold Standard to ensure that once projects have been certified against rigorous criteria, project developers can then be issued tradable carbon offsets.

### Where do your offsets come from?

QFP procure offsets from a diverse portfolio of international and domestic projects, including projects in every State/Territory across Australia and every continent in the world. All of their offsets are compliant under the Australian Government's Climate Active Carbon Neutral Standard. Their projects are all accredited under a strict third-party verification standard. These standards have a rigorous set of rules and requirements to ensure each project delivers real, permanent, and additional benefits.

### Are the offset projects certified?

The offset projects can be validated by Climate Active, the Australian Government's carbon neutral certification.

### What does 'additional' mean?

Additionality means that if the emissions reductions were not implemented by an offsetting project, then they would not have occurred at all. This ensures that offset sales only finance projects that cause additional emissions reductions above business as usual. Simply put, because the carbon offset project exists, there are less carbon emissions entering or floating around the atmosphere than if the project did not exist.

### What does an offset project look like?

Offset projects range from those that avoid emissions with activities like funding renewable energy projects, to those that remove emissions from the atmosphere by doing things like planting trees. All of these projects sequester carbon but also offer other co-benefits to the environment, the community, and local economies. Different types of projects include:

- Renewable energy
- Community projects
- Land regeneration
- Forest conservation and protection
- Land management
- Waste-to-energy

Each year, QFP take its partners on-site to an offset project to demonstrate how they work and the real impacts they deliver to people and the planet.

## Should I only support offset projects in my own country or countries where I do business?

Pollution and emissions do not stay within national borders. CO2 in the atmosphere spreads across the globe and is an international problem. Therefore, you can purchase offsets anywhere in the world and contribute to global emissions reduction. In many cases, carbon offset projects are located in developing countries because community and economic co-benefits from the project will have a bigger impact there. However, you may choose to purchase offsets locally due to the co-benefits that may positively impact your own supply chain or market.

## What are the benefits my business will gain by offsetting?

Offsetting plays a critical role across all the carbon strategies of a business. Some of the key benefits include:<sup>3</sup>

- Meeting customer, investor and staff expectations to cut carbon pollution.
- Enhanced brand reputation and value.
- Improved brand integrity.
- Increased customer loyalty and sales.
- Meeting other strategic business goals, like Reconciliation Action Plan targets and aligning with the Sustainable Development Goals.
- Establish industry leadership.
- Market and geographic synergies from project co-benefits.
- Delivering co-benefits beyond carbon reductions, including biodiversity, gender equality and Indigenous employment.
- Meet emission-reduction targets while working towards long term sustainability changes.
- Inspire your workforce to engage in carbon reduction activities in house, in turn reducing your costs and supporting your goals.

## What is the price of offsets?

The price of offsets can vary depending on the location, size, certification and type of the project. QFP can help tailor a portfolio of offsets that meets your budget expectations and delivers against the strategic drivers important to you and your business.

## Can we purchase offsets in-line with our budget cycle or does it need to be at the end of the year?

QFP can retire offsets whenever fits your business cycle. They typically retire on an annual basis, but can also do it more frequently – e.g. monthly, bi-annually.

## What if we end up needing more offsets than we originally thought?

QFP structure its agreements to lock-in a price for the portfolio of offsets. This allows your organisation to be able to purchase additional offsets at the agreed price. This is useful when you might need to 'true-up' additional offsets at the end of a cycle.



## What is meant by the 'vintage' of a carbon offset?

Just like wine, the 'vintage' of an offset indicates the year the offset was created. For example, a 2016 offset from a forest conservation project denotes the tonne of carbon measured and independently verified through the additional growth of the forest in that year.

## Are older vintages cheaper?

The price of an offset depends on a range of factors, including the location, size, verification standard and value of the non-carbon benefits (e.g. ecosystem health and employment). The vintage of the offset can sometimes influence the price, but is part of a much larger picture.

## Isn't buying old offsets for current carbon neutral claims disingenuous?

Carbon offset projects typically continue over multiple years and generate offsets that can remain unsold in a given year, leaving them available to buy in future years. TEM work with their clients to build offsets into their climate strategy to ensure that any purchase of previous year's offsets are done to support the forward expansion and creation of new emission reduction projects. This helps to stimulate new climate finance in this critical decade, but also recognises the value of emissions reductions (and the other benefits delivered through the project) of climate finance that has been invested in prior years. TEM also procure offsets from projects still in operation i.e. they are a present continuous operation so the offset finance helps the project continue to sequester or avoid emissions.

## **Our business won't need offsets until all emissions reduction activities are exhausted.**

Offsetting belongs as a critical part of any climate risk management strategy, not just at the tail end once all other options are exhausted. Building in offsets today has the advantage of:

- (i) building internal capacity in carbon markets;
- (ii) pricing the cost of carbon into doing business today;
- (iii) helping drive further investments into much needed climate finance; and
- (iv) demonstrating sound risk management in view of new regulatory operating environments, including Taskforce for Climate Related Financial Disclosures (TCFD).

### **What's the process for joining the program?**

1. Australia Post will generate your customised emissions report and introduce you to the QFP team.
2. The QFP team will walk you through the carbon offset portfolios available to offset with, and you choose which portfolio is best suited to your business.
3. An agreement is confirmed between your organisation and QFP for the offsets.
4. QFP will send you the retirement certificates for your reporting and certification requirements.
5. Australia Post and QFP will provide you with a Merchant Toolkit and a suite of customisable assets for use in your customer communications to promote your commitment to sustainability.

### **What's Australia Post doing to reduce emissions?**

Australia Post is publicly committed to reducing emissions in line with science. We have a 'science based target' to reduce emissions by 15% by 2025.<sup>1</sup>

We address our emissions by:

- **Decarbonising our fleet** – we upgrade to electric and hybrid fleet where possible, driving fuel efficiencies.
- **Property upgrades** – we continue to roll out solar and energy efficiency programs in our 1,200 properties and invest in renewables.

- **Network efficiency** – we work to increase loose-loading, optimise trailer configuration and our network planning.
- **Actively engaging with our largest road and air freight providers** as well as key suppliers and customers to determine a common pathway to reducing our environmental impacts.

Since we set our 2025 Emissions Reduction target in early 2020 (using a FY19 baseline), our parcel volumes have increased by over 50%. This has meant that we've had to put more vehicles on the road and grow the network.

Despite this, in FY21 we were still able to reduce our emissions against our FY19 baseline by 2%. Through our long-term proactive approach to efficiency and operational excellence, we have managed to grow the business revenue in FY21 by 19% while reducing our carbon intensity by 18%. So, we effectively deliver more parcels by generating less carbon emissions.<sup>1</sup>

### **What is Australia Post's carbon neutral offering in-store?**

Australia Post offsets the carbon emissions of most parcels\* sent by consumers in Australia (and to international delivery hubs), via a Post Office, MyPost or MyPost Business account in partnership with Qantas Future Planet. Since 2019, we have offset the delivery of over 160m parcels at no extra costs. This equates to nearly 200,00 tonnes of emissions or some 75,000 vehicles off the road to date.<sup>1</sup>

This is a customer proposition only. Offsets do not count towards achieving our 2025 Emissions Reduction target. To counter the carbon emissions of our parcels, we invest in an equal share of domestic and international projects that have a positive impact on the environment in Australia and abroad.

**Together, we can deliver a sustainable future.**

For more information, please talk to your Australia Post Account Manager.

Partnering in carbon neutral deliveries

