

Vertree.

About Vertree

Vertree thanks the Climate Change Authority (the Authority) for the opportunity to provide input on the review of international offsets. We would also like to be involved in targeted discussions in addition to this submission.

Vertree is an integrated carbon business that provides net-zero solutions, our key business areas are as follows:

- We source and manage high-quality projects, working with leading developers and providing financing through equity investment and forward purchases.
- We deliver high-quality spot and forward verified emission reductions and removals, creating certainty for buyers and amplifying climate and social benefits by pre-financing new projects. We invest in our own projects, in market-leading verification and due diligence.
- We help clients understand their environmental impact, develop their climate mitigation and science-based net-zero strategies, supporting their transition and assisting with communicating the results.

International Offsets

We encourage the Authority to utilise existing mechanisms that provide buyers of international carbon offsets confidence in the quality of their purchase. Standardised contract definitions such as the N-GEO contract on the CME are a good example of providing a broad definition to allow a variety of projects to deliver under that contract, ensuring market liquidity and quality at the same time.

Vintage is an area where we see differences from the buyer preferences. Many corporate buyers believe that vintage is irrelevant if the project is high quality, particularly for reforestation/afforestation projects where it can take up to 7 years for significant abatement to occur. The investor/speculator market has a strong preference for current vintages to mitigate the risk of holding a stranded asset. CBL introduced a rolling vintage N-GEO contract and a trailing N-GEO contract and so caters to both markets. We would not recommend a vintage limit at this time.

Verra and Gold Standard have largely phased out renewable energy as a carbon offset and we have seen buyers also move away from these offsets as they are not seen as additional. The exception being CORSIA eligible offsets for airlines. We have also seen a move away from use of CDM offsets as the majority of corporate buyers do not consider them additional.

The Verra framework of additional accreditation for Community Climate and Biodiversity co-benefits and SD Vista are two options for demonstrating additional benefits beyond the carbon impact that are well recognised by the market. We would encourage consistency with current practices to avoid further market fragmentation. It is true that certain companies look for particular elements when purchasing offsets but generally they don't drill down to individual criteria such as particular sustainable development goals.

Indo-Pacific Carbon Offsets Scheme (IPCOS)

The engagement of the local community is essential to ensure long-term success for projects under IPCOS. The most successful projects in the region are those Verra projects which also have CCB rating for Community as a minimum. Failure to adequately involve the community has resulted in project leakage and adverse impacts.

Article 6 - Double Counting and Double Claiming

The introduction of the internationally transferred mitigation outcomes (ITMOs) has not impacted the appetite of the majority of our corporate buyers to purchase offsets. In fact they do not see the need to receive an ITMO at this time, as their corporate action is still having an impact in the country of the project location. Many of the highest impact nature based projects in developing nations are unlikely to implement these projects without international funding. The issue of double counting doesn't arise as the voluntary purchase doesn't count towards the NDC of the home country of corporate entity buying the credits. The double claiming of the offset by the company and the host project country does not constitute double counting.