02 November 2017

Mr William Todts
Executive Director
Transport & Environment
18 Square de Meeûs
1050 Brussels
BELGIUM

Olivier Jankovec
Director General

Dear Mr Todts,

I refer to the report "*Airports relying on offsets excluded under EU law"* published on 27 October, by which your organization raised concerns in relation to certain aspects of our *Airport Carbon Accreditation* programme - in particular the quality of carbon offsets used by airports certified under level 3+ ("Neutrality") of the programme.

Since its launch in 2009, *Airport Carbon Accreditation* has been kept under constant review in order to ensure its relevance, robustness and credibility in delivering carbon reductions from airport operations and lead the airport industry towards carbon neutrality. While this is primarily ensured by the oversight of the programme's Advisory Board, ACI EUROPE has always welcomed external views.

We therefore appreciate your interest in *Airport Carbon Accreditation* and in particular your acknowledgment of its role in supporting airports in reducing their carbon emissions.

However, I would like to comment on a number of issues with regard to your report - issues that we had previously discussed with your team as part of an on-going review of the *Airport Carbon Accreditation* guidance on offsetting, which we initiated last year.

We regret that your report does not accurately reflect the objectives and requirements of *Airport Carbon Accreditation* – thus providing a partial and potentially misleading representation of the programme.

Airport Carbon Accreditation is not an offsetting programme. Offsetting is only a part of it and not an objective in itself. The first three levels of *Airport Carbon Accreditation,* at which 90 European airports are currently accredited, do not involve any offsetting at all. As of level 2 ("Reduction") of the programme, airports have to demonstrate that they effectively reduce their emissions. To maintain their accreditation, they have to show compliance with programme requirements every year and thus also demonstrate emission reductions year on year. This can only be achieved by adopting a long-term, strategic approach to carbon management. Hence, one of the main benefits that *Airport Carbon Accreditation* brings to our members is the enhancement of their internal carbon management processes.

Offsetting only applies at the level 3+ ("Neutrality") - only once an airport demonstrates significant emission reductions and also engages with stakeholders (such as airlines) to reduce their own emissions. An airport can thus <u>not</u> become carbon neutral by only offsetting its emissions, and we do definitely welcome airports' initiatives to achieve this accreditation level <u>without</u> offsetting. Swedavia, whom you refer to in your report, has actually already set the objective of reaching carbon neutrality for carbon emissions from its own operations by 2020 without any offsetting.

As you rightly point out in your report, the enforcement of the requirements of *Airport Carbon Accreditatio*n is ensured by an independent programme Administrator, WSP - one of the world's leading engineering professional services firms. It must also be noted that in addition to the Administrator's review, each airport application for accreditation must undergo an assessment by a third-party verifier. *Airport Carbon Accreditation* is thus relying on the principle of a double assessment of each airport application. This requirement has been fundamental in ensuring the robustness and credibility of the programme. The latter is also ensured by the supervision of *Airport Carbon Accreditation* by the above-mentioned independent Advisory Board, which comprises representatives of the European Commission (DG CLIMA and DG MOVE), the UNFCCC, ICAO and EUROCONTROL, amongst others. The Advisory Board approves the programme requirements as well as the programme results, published in our Annual Reports.

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Furthermore, we are surprised that your report fails to indicate that ACI EUROPE recognises that there are indeed issues to be addressed concerning the quality of carbon offsets and that we are currently reviewing the requirements of *Airport Carbon Accreditation* in this regard.

As you know, such review was initiated a year ago and it has actually been discussed with your team on several occasions over the past months – as we were keen to get T&E's views. We started looking into this following the announcement in December 2015 of ACI EUROPE's initial target to reach 50 carbon neutral airports in Europe by 2030, when our members expressed concerns about their difficulties in identifying and selecting credible offset credits. It became clear to us that we needed to provide more guidance to airports willing to be certified at Level 3+ ("Neutrality") of *Airport Carbon Accreditation* and that such guidance would need to be reflected in the programme's requirements.

This led us to launch a dedicated, independent study to carry out a comprehensive quality assessment of existing offsetting standards and project types, which will subsequently allow us to review our programme rules. We are aware of the negative list of projects applied under the EU ETS, but *Airport Carbon Accreditation* being a global programme, we need to make sure that our requirements are compatible with various existing carbon reduction regimes. Therefore, our study includes the assessment of the eligibility criteria for offset credits applied by different existing compliance regimes - including but not limited to the EU ETS. The terms of reference for this project were approved by the Advisory Board in December 2016 and the study started in July 2017.

While we are working on improving our programme's guidance on offsetting, we also regret that your report omits the fact that several airports certified at level 3+ ("Neutrality") are now sourcing offsets of higher quality.

As for those airports identified in your report as using offsets of lower quality, I would like to point that exposing these airports at this stage risks being counter-productive in terms of encouraging further disclosure of carbon offsets used. We would also question the need for such action given the steps taken by ACI EUROPE to address carbon offsetting quality issues – as explained above.

In this regard, due account should be taken of the fact that contrary to other carbon management schemes, *Airport Carbon Accreditation* is a purely voluntary programme. Therefore, airports engaging in it – and especially those willing to go up to level 3+ ("Neutrality") are the most committed to climate action. They have also been fully compliant with the current programme guidance on carbon reduction and offsetting, as approved by the Advisory Board. Your report thus paradoxically puts these most committed airports at risk of a negative public perception. This might have a negative impact in terms of getting more airports joining *Airport Carbon Accreditation* and/or committing to carbon neutrality.

To conclude, I would like to stress that the main challenge in relation to carbon offsets is not so much about the choices made by companies that proactively and on a voluntary basis decide to offset their residual emissions. It is the fact that existing offsetting standards allow for projects with a potentially low environmental integrity to be certified as credible offsets. We are therefore convinced that working towards enhanced standards for offsets will be the most effective way to ensure that market-based carbon reduction mechanisms are robust.

As previously agreed, we will share the final results of our offsetting study with your team and keep you informed on the subsequent update of our programme guidance.

Yours sincerely,

