



QAS-Approval Procedures: Carbon Offsets

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Owner: Bruce Elliott
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1 The Application Process

- 1.1 An organisation which sells carbon offsets (a Provider) can apply for QAS approval for their carbon offsets by emailing our application form and the required information to hello@qasaudit.com. The required fee must also be paid and cleared at least two calendar weeks before the start date of a published audit cycle. Payment can be made by bank transfer to:

Quality Assurance Standard Ltd/ sort code 400926/ account number 61868926;
IBAN: GB95MIDL40092661868926; BIC/SWIFT: MIDLGB2117V
- 1.2 We require notification of which appropriate emissions datasets and methodologies are proposed for all offset calculations at the time of application.
- 1.3 Organisations wishing to renew QAS-Approvals in subsequent years must confirm in writing that the information previously provided has not changed, and also complete the Statement of Account template provided to them by the Independent Auditor. The information required on this template includes total sales of QAS-Approved and non QAS-Approved carbon offsets over the prior 12 month period of Approval, together with details of credit retirements to balance both offset accounts. It must be signed by a finance professional such as an accountant, auditor or bookkeeper, and sent to the Independent Auditor (not the QAS) within three months of the relevant period of QAS-Approval.
- 1.4 Any Provider who delegates emission calculations and carbon credit management to a third party 'Responsible Provider' is referred to as a 'Reseller'. Resellers can also seek QAS-Approved status for the offset products that they sell and are jointly responsible for fulfilling QAS criteria with their Responsible Providers. Applications can be made by either the Reseller or their Responsible Provider.
- 1.5 Initial & renewal fees for application to have an offset approved by the QAS are stratified based on the higher of either the offset provider's turnover, or balance sheet total, relating to the highest parent company or organisation. To support a reduced application fee, medium, small and micro providers/ resellers must provide evidence of their turnover and balance sheet total from the management accounts relating to the most recently finished financial year,

or if the company has not yet completed its first financial year, year-to-date and projected figures for the current financial year.

Organisation	Application fee (ex-VAT)	Higher of either Turnover or Balance sheet total
Larger Provider	£10,000	>£8m
Medium Provider	£5,000	£1.6 - 8m
Small Provider	£2,250	£0.3 – 1.6m
Micro Provider	£1,500	<£0.3m
Larger Reseller	£5,000	>£8m
Medium Reseller	£3,500	£1.6 - 8m
Small Reseller	£2,000	£0.3 – 1.6m
Micro Reseller	£1,500	<£0.3m

2 The Independent Audit Process

- 2.1 Independent audit will not begin until the application process has been completed satisfactorily, payment has been made and funds are cleared by the bank.
- 2.2 The process of independent audit is managed by the Independent Auditor, an organisation appointed annually by the QAS. Once audit has commenced, the IA will email all applicants with information on expected timelines, email and phone contact details, and arrangements for confidentiality. All audit-related correspondence will take place directly between the IA and the applicant from that point forwards for the duration of the audit.
- 2.3 Practical considerations may require the expert judgement of the Independent Auditor during assessment, and lead to some deviation from the standard assessment criteria. Any judgement exercised by an auditor in this way will be clearly highlighted in the assessment feedback given.
- 2.4 The IA may discuss generic issues with the QAS during the audit process, but not the specifics of any named applicant. The additional information required for offsets undergoing renewal of QAS-Approval (Statement of Account and credit retiral information) is also not shared with the QAS. This is in order to respect the privacy of proprietary and commercially sensitive information owned by QAS applicants. The Independent Auditor is subject to strict confidentiality requirements.
- 2.5 Once a carbon offset has been submitted for QAS-Approval, the status of the application will be updated regularly on the QAS website as follows:
 - Application made for QAS approval (or renewal of QAS approval)
 - Assessment commenced for QAS approval
 - Assessment of calculation/ project & credit/ communication (as appropriate) criteria for QAS approval complete, calculation/ project & credit/ communication (as appropriate) criteria under assessment
 - QAS approval granted for 12 months from <date>; or... Failed to reach calculation/ project/ information (as appropriate) criteria for QAS approval after application on <date of application>
- 2.6 Carbon offsets which are found to fulfil QAS criteria under independent audit are awarded 'QAS-Approved' status for a period of 12 months. This period may

exceptionally be extended if required for the purpose of changing the timing of subsequent audit during the year at the discretion of the QAS.

- 2.7 Applications which have not met QAS requirements but are judged by the IA to require minor amends will be given feedback and invited to correct the identified deficiencies within a three month period. QAS-Approval will be granted provisionally with a note made on the QAS website of the deficiencies awaiting correction. If minor amends are not attended to within the three month period given then QAS-Approval will be withdrawn and the status on the QAS website changed to RED.
- 2.8 Applications which have not met QAS requirements within the three month period will be provided with detailed feedback and invited to resubmit an application to be re-audited for an additional fee of 70% of the original fee invoiced.
- 2.9 Carbon offset products which have been audited by the Independent Auditor will be listed on the Approvals page of the QAS website against a RAG status as follows:
- GREEN – currently QAS-Approved or undergoing renewal
 - AMBER – under initial application or approved pending minor amends
 - RED – did not meet QAS requirements under audit or did not undergo renewal checks to ensure credit retiral compliance
- 2.10 If a QAS-Approved carbon offset is not presented for renewal on the following year, and therefore checks to confirm that all QAS-Approved carbon offset sales have been appropriately matched against carbon credit cancellations are not allowed to take place, notice will be published to this effect on the QAS website.

3 Criteria for Calculating Emissions

3.1 QAS-Approved Offsets must be based on accurately calculated emissions from a particular activity over a defined period of time. For the sake of clarity, the following do not constitute a carbon offset under the QAS:

- Purchasing and then cancelling a volume of carbon credits in the absence of accurate calculation of emissions relating to a defined activity; or
- Selling carbon credits to a third-party that has already calculated the tonnage of emissions it wishes to offset - in essence this is the sale of carbon credits.

3.2 The QAS demands accurate calculations but does not require a consumer or organisation to offset the emissions associated with the whole of their business/ lifestyle or for all of a defined activity - it is for the consumer or organisation to decide the scope of emissions that they wish to offset. For example a consumer may decide to offset domestic but not international flights or just one month's electricity consumption. Organisations must communicate transparently to their stakeholders once the scope is decided.

3.3 It is an important principle of QAS-Approved Offsets that appropriate emissions datasets and methodologies must be used for calculation. Real world datasets should be used in preference to modelled data where available, for example the measured route-specific airline fuel consumption data that IATA uses for its flight offsets. Acceptable methodological approaches to modelled calculation include:

- The WRI Greenhouse Gas Protocol
- National methodologies such as DEFRA's Voluntary Reporting Guidelines and those used by the US EPA & the NZ Ministry for the Environment.
- Methodologies produced by respected independent organisations such as ISO, IEA, IPCC & the EU.

3.4 Applicants will be required to use the factors current at the time of application and update their calculators to reflect subsequent changes at each renewal. Where a methodology describes more than one method of calculating emissions, the offset provider should use the most accurate figures available for each defined activity. There may be instances where the most accurate

information is not readily available and in those circumstances the Independent Auditor may allow alternatives as appropriate, for example miles driven may be used as an alternative to litres of fuel consumed for car journeys.

- 3.5 To account indicatively for the total radiative forcing impacts of aviation, it is recommended that a factor, or multiplier, should be used to up-rate carbon dioxide emissions. In line with best scientific evidence, and to ensure consistency, the QAS recommends a figure of 1.9 for flight offsets.
- 3.6 Organisations which comply with the scope 2 accounting standard under the GHG Protocol should use the more appropriate of the two sets of figures available and be able to justify their choice. However the QAS recognises that double reporting for scope 2 emissions can be labour intensive and isn't practical for every organisation, and so it is not a QAS requirement per se.
- 3.7 Electricity purchased on a renewable energy tariff should not use different emissions factors where grid-average figures already account for the renewable fuel mix.
- 3.8 The QAS wishes to see full transparency in the way that emissions from flights are calculated in terms of the distance travelled and (in the case of modelled data only) any uplift factors applied to account for circling and delay. It is acknowledged that a number of methods are currently used.
- 3.9 Where fuel/energy consumption data (e.g. gas or electricity use for office buildings) are not available or easily obtainable in units of energy (or volume or mass), alternate metrics (such as office floor area) might be used to estimate GHG emissions instead.
- 3.10 If manufacturer data on CO₂ emissions per km is used for cars or vans, these factors must be uplifted by 22% to take into account 'real-world' driving conditions.
- 3.11 Modelled data based on average flight distance or actual Great Circle flight distances must take into account indirect routing/delays by using an uplift factor of 8%. This does not apply to real world datasets.
- 3.12 Where an airline's entire route network consists of flights of relatively similar fuel burns, an average city pair may be used as the basis for a flat fee pricing structure for the associated carbon offset. This must be made clear to consumers in the airline's easily accessible methodology statement.

4 Criteria for Projects and Credits

4.1 Approved offsets must use good quality carbon credits, defined for the purpose of the QAS as: CERs, ERUs, EUAs, Gold Standard VERs or VCS version 2007 forwards which do **not** arise from projects which:

- use hydro > 20MW project methodologies;
- use the destruction of trifluoromethane (HFC-23) or nitrous oxide (N₂O) from adipic acid production project methodologies;
- are forestry-related **unless** based on sustainable REDD+ project methodologies which include adequate mitigation to cover project failure.

4.2 Carbon credits used to fulfil a QAS-Approved offset must be cancelled by a registry connected to the UNFCCC international transaction log, or the VCS project database or Gold Standard registry as appropriate, at any point of time after the date of sale of the relevant QAS-Approved offset and within three months of the end of the QAS approval period within which it was sold. For example if a carbon offset is QAS-Approved for 12 months from 1st January to 31st December, and one of these offsets is bought by a customer half way through the year on 1st July, the corresponding retirements against this offset must take place between 1st July (the same day the offset was sold) and the 31st of March on the following year. If one of these offsets was bought by a customer on the 1st of December, the corresponding retirements against this offset must take place between the 1st of December and the 31st of March the following year. Thus QAS-Approved offsets must be retired at any point between the point of sale and up to a maximum of 15 months later depending on how much of the QAS approval period has passed. For the sake of clarity, credit retirements should not take place before the point of sale.

4.3 It is the responsibility of the Independent Auditor to ensure that credit retirements are not double-counted against QAS-Approved and non QAS-Approved offsets. For organisations selling both, this will require scrutiny of the carbon accounting for both types of sales and the provision of this information is a requirement of QAS-Approval.

- 4.4 Applicants must provide proof of credit retiral as determined by the Independent Auditor. This may include direct access to the relevant registry where public access is not available.
- 4.5 It is recognised that an offset provider may wish to arrange for a third party to fulfil one or more of the above-mentioned criteria (for example, carbon credits may be supplied and retired by a broker). Where this is the case it remains the responsibility of the offset provider to demonstrate to the IA that the requirements of the QAS are met.

5 Criteria for Transparency

- 5.1 When communicating with stakeholders, organisations referring to one of their QAS-Approved offsets must either include a prominent reference to the particular activity and defined period of time against which the offset is made, or provide a prominent link to a URL where this information is displayed prominently.
- 5.2 QAS-Approved offset providers or resellers must provide clear summary information on all methodological approaches taken to calculate emissions, both on their own website and separately in their QAS application form.
- 5.3 Offset providers and resellers must make clear and truthful any marketing and advertising associated with QAS-Approved offsets in line with initiatives such as the DEFRA Green Claims Guidance. They must not mislead stakeholders.
- 5.4 Offset providers or resellers may sell both QAS-Approved offsets and offsets that do not meet the requirements of the QAS, however the former must be clearly distinguished from the latter to avoid any possible confusion.
- 5.5 Offset providers and resellers must provide consumers at least two out of three of the following at or before the point of sale: total price, price per tonne and total tCO₂e. It should also be clear to the consumer if the sales taxes are included or excluded where they exist in the country of purchase.
- 5.6 QAS-Approved offsets may use the QAS Carbon Offset Quality Mark, provided its use adheres to a separate QAS Quality Mark License Agreement (QMLA).
- 5.7 The use of the Quality Mark is not restricted to online media, however, where it is used in offline media, it must be accompanied by the dates of approval and a permanent URL linking to a full description of the offset online. In order to ensure consumers can check the validity of approval claims, each accredited provider and reseller must link each online use of the Quality Mark to the page on qascarbonneutral.com listing approved offsets.
- 5.8 Non-authorised use of the Quality Mark, and repeated or persistent violation of the QAS QMLA, may lead to the details being published on the QAS website. In the event of continuing misuse, legal proceedings may be initiated.

6 Subsequent Breaches of QAS-Approval Requirements

- 6.1 Where a QAS-Approved offset no longer meets the criteria that led to its approval or it is discovered that approval was gained through false or misleading statements, QAS approval will be suspended and the provider and/or reseller will be required to remove all references to QAS approval online.
- 6.2 The QAS Quality Mark Licence Agreement sets out the requirements with which a QAS approved offset must continue to comply. Where an approved offset fails to comply with any of the requirements of the QAS, the offset provider and/or reseller will be informed and offered the chance to correct the error within 10 working days. In the event that no or insufficient corrective action is taken the right to use the Quality Mark will be withdrawn. A breach of the Licence Agreement will be considered a breach of contract and the offset provider may be taken to court.
- 6.3 Where an offset provider or reseller would like to make changes to an approved offset they should inform the QAS before they are made. QAS will then assess the change and determine if the offset still meets the requirements of the QAS or if a new application for the offset should be submitted. For example, if the offset provider's website is completely redesigned the QAS may need to check that the Quality Mark is still being used correctly and that the right consumer information is provided in the right place. The QAS reserve the right to charge proportionately for the work involved.
- 6.4 Any organisation or individual that has information on any suspected breaches of QAS requirements should pass this information to the QAS. Organisations deemed to be in breach of QAS requirements but persisting in using the Quality Mark as well as any organisations using the Quality Mark without having applied for approval may also be named publicly on the QAS website.