

 News Corporation

Global Energy Initiative



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Chief Executive Officer's Letter



Rupert Murdoch,
Chairman and Chief
Executive Officer

News Corporation has always been about imagining the future and then making that vision a reality. We always seek new ways to reach our global audiences and we address those issues that have the greatest impact on their lives. Global climate change is clearly one of those issues.

So how do we, as a media company, do our part to confront this challenge?

It starts with us. We must first get our house in order. We are now launching a global energy initiative across News Corporation to reduce our energy use and impact on the climate.

Our goals are to reduce our businesses' carbon emissions significantly and to inspire our employees to take action on this issue in their business and personal lives.

We can then do what we do best: educate and engage our millions of readers, viewers and web users around the world.

Addressing climate change is good business practice. We will improve the bottom line by cutting energy costs and investing in renewable resources. We will motivate our employees. We will excite our audiences. And we will demonstrate our continued ability to anticipate the future and lead our industry.

We have just begun this effort, and we have a long way to go. Our global reach gives us an unprecedented opportunity to raise awareness and to stimulate action around the world.

I invite all our employees, business partners and audiences to join us in this exciting initiative.



0%

We aim to transform our business practices in order to significantly reduce our energy use and carbon emissions. Each News Corp. business unit is on the path to achieving carbon neutrality, net zero carbon emissions.

Commitments, Targets and Goals

News Corporation is committed to addressing its impact on climate change and lowering the energy use of its businesses.



We will:

- Reduce our energy consumption and switch to renewable sources of power when economically feasible
- Become carbon neutral
- Engage our employees, our business partners and our audiences



We're not an industrial company, or an airline, but we do use energy in our activities: publishing newspapers, producing films and television programs, operating 24-hour newsrooms and so forth.

We want to make energy efficiency part of our everyday operations and switch to renewable sources of energy wherever economically feasible.

We intend to reduce our use of energy and find energy from renewable sources – enough to decrease our carbon footprint in 2012 by 10% compared with 2006.

We plan to become carbon neutral by 2010 – by offsetting emissions we can't avoid.

[We really want this to impact every single part of this corporation.](#)

Peter Chernin
President and Chief Operating Officer, News Corporation

10 YEARS TO SAVE PLANET



KINDER TO THE ENVIRONMENT™

Americans dispose of 72 million tons of paper each year.

By manufacturing Sunrise 100% Premium Recycled™ tissue products, EACH AND EVERY DAY we save valuable natural resources, reduce pollution and save trees.



MAN
S
NE
Consum
Limit
Coupe
Offer
offer
use o
redem
any tw
Premi
Retail
will r



carbon neutral

2010

We want to make energy efficiency part of our everyday operations.



analyzing

News Corporation established for the first time a carbon and energy footprint of global activities placed under its control.

ICF International

52

Data collected
from 52 different
countries

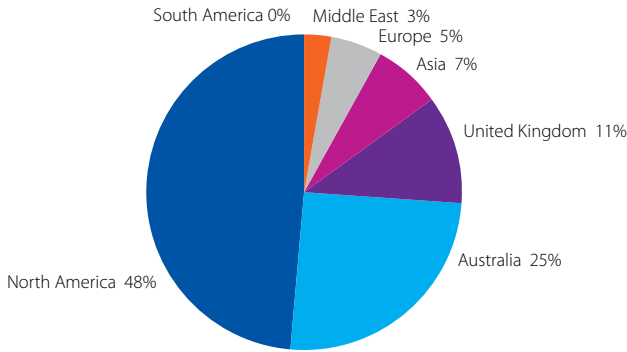
Carbon footprint

We began by analyzing our carbon footprint and the energy used in all our operations globally. In fiscal 2006, News Corporation's carbon footprint is 642,000 tons of carbon dioxide (or carbon dioxide equivalents).

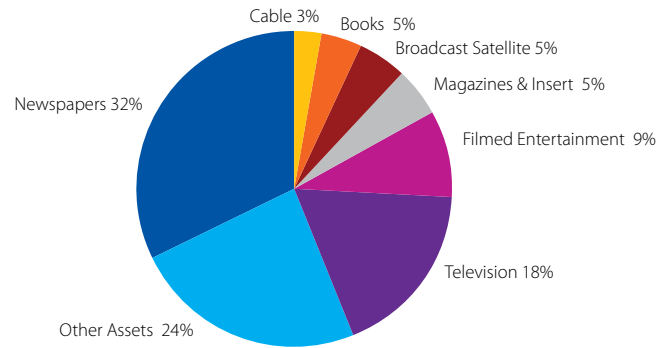
We will repeat this analysis annually, measuring our progress in reducing our greenhouse gas emissions.

measuring our
progress

Greenhouse Gas Emissions (GHG) by Geography



GHG Emissions by Segment



95%

Our biggest emissions sources are electricity and transport – making up 95 percent of our carbon footprint together. Our emissions are about evenly split between North America and the rest of the world.

ICF International

News Corporation partnered with ICF International (ICF) to analyze our carbon footprint. ICF, headquartered in London, is respected for its expertise in carbon and energy analysis, with a long track record in helping businesses and governments measure and manage their greenhouse gas emissions.

Methodology

We followed the Greenhouse Gas Protocol established by the World Resources Institute and World Business Council for Sustainable Development, the standard manual for measuring greenhouse gas emissions.¹

We included in our carbon footprint:

- All fuels used directly by our companies
- All electricity used in our facilities
- The impacts of business air travel

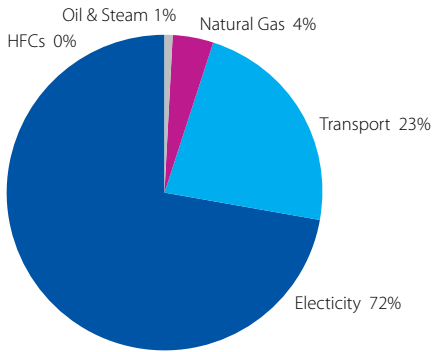
We recognize that our businesses have other, secondary, impacts that also create greenhouse gas emissions. For example, there are emissions created by products that our businesses purchase. See p.17 for more information on how we intend to work with our business partners to address these emissions.

We collected data directly from all our business units to calculate the emissions from our activities. In some cases, where data were not available, ICF made an estimate (less than 10 percent of our carbon footprint is the result of an estimate).

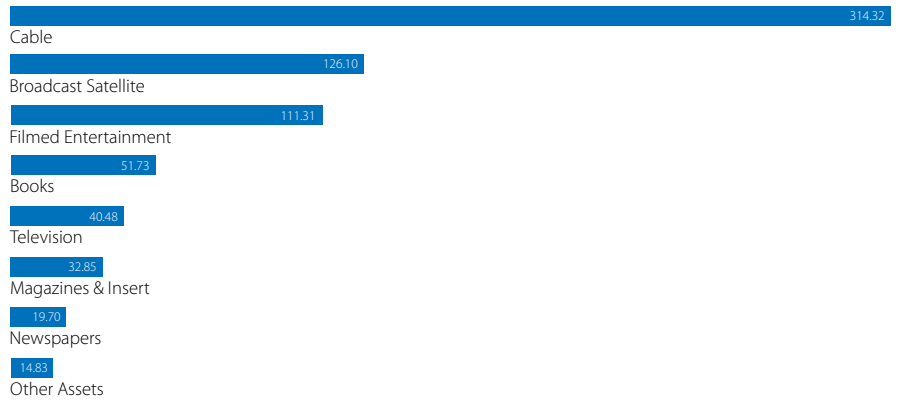
ICF reviewed the information for consistency and accuracy. ICF's letter attesting to the quality of the carbon footprint analysis is on p.28.

Verification

GHG Emissions by Source



GHG Emissions by Revenue per Ton of CO₂ (in thousands of USD)



To confirm our carbon footprint, News Corporation selected the Environmental Resources Trust, Inc. (ERT), a not-for-profit company qualified to verify carbon footprint analyses, to conduct an independent, third party evaluation. ERT audited the methodology, data collection process, and accuracy of the data used to establish our carbon footprint and conducted several site visits to directly verify data. ERT’s statement on the accuracy of our carbon footprint analysis is on p.29.

¹ We used the “control method” of including 100% of the emissions associated with businesses we directly control. We included all Scope 1 and Scope 2 emissions, and included the (optional) Scope 3 emissions associated with business air travel. We are delighted to provide a more detailed statement of methodology upon request.

CO₂ emissions in context

World	27 billion tons
Estimated News Corporation Audience	7 billion tons
U.S.	5.9 billion tons
U.K.	580 million tons
New York City	58 million tons
News Corporation	642 thousand tons

Sources: International Energy Annual 2004, News Corp. Estimates, City of New York

News Corp’s total carbon footprint is 641,150 tons of carbon dioxide in fiscal 2006

641,150 tons

action

A man in a blue work shirt and a large headset is looking upwards and gesturing with his right hand towards a large roll of material. The background shows industrial machinery with large rolls of material, possibly paper or fabric, and a corrugated metal ceiling. The word "action" is overlaid in green text.

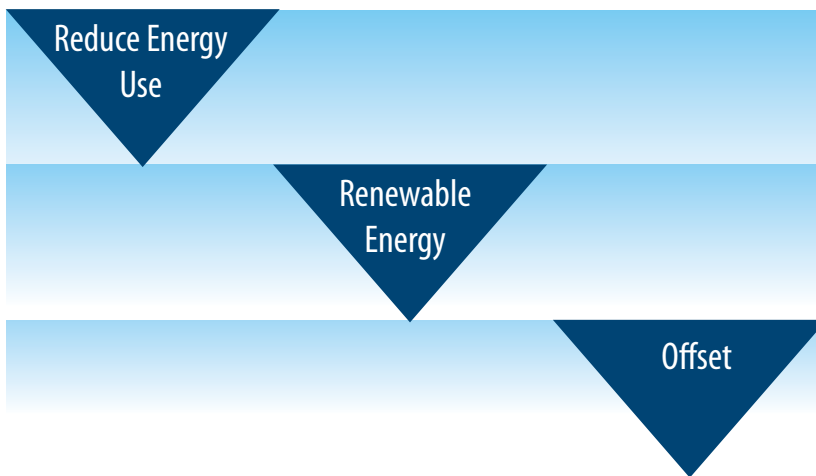
2012

Our top priority is making our operations as energy-efficient as possible. We are committed to reducing our carbon emissions through energy efficiency and renewable energy by 10% by 2012.

Strategy: Reductions, Renewables, Offsets

Getting our own house in order is of utmost importance. Each News Corporation business will strive to improve its energy efficiency and source electricity from renewable sources. As a last resort, we will offset emissions we cannot avoid.

Carbon Reduction Strategy



strive to improve
energy efficiency

Our Strategy and Action

Reducing our energy use will involve all our business practices and functions.

This diagram shows how departments within our business units are taking action on energy use and climate change.

HR & INTERNAL COMMUNICATIONS

Launch of dedicated intranet site, appointment of energy managers, rewards and incentives for employees

PROCUREMENT

Broadening relationships with advertisers, suppliers and distributors

FACILITIES & ENGINEERING

Investigating and implementing energy-efficiency and renewable power opportunities

INFORMATION TECHNOLOGY

Reducing the energy consumption of personal computers and ensuring that our data centers are as energy-efficient as possible

TRANSPORTATION

Experimenting with more fuel-efficient vehicles with our fleets

CREATIVE DEVELOPMENT

Exploring exciting, dynamic, funny, meaningful ways to address energy use and climate change

MARKETING

Developing campaigns to educate our audiences on ways to save energy

integrate

into everything we do

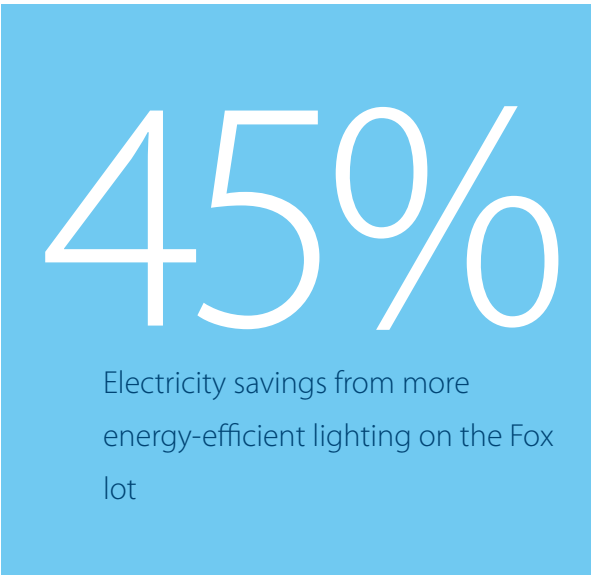
Our initial actions are aimed at making our companies as energy efficient as possible. For each product we deliver, every newspaper we publish, every television program we produce, every new website we launch - we will ask ourselves, is there a more energy efficient way to do this?

Our commitment to energy efficiency and addressing climate change will become a part of everything we do, from recruiting new employees and developing relationships with business partners to designing movie sets and packaging DVDs.



The challenge for people in business is to look at the way they conduct themselves and start making changes that are designed to take the pressure off of the planet.

David Penberthy, Editor, Herald Sun



Lighting

We will use more energy-efficient lighting wherever possible. Replacing lighting often has a good economic return in addition to reducing our carbon footprint. Some of the ways we are increasing the efficiency of our lighting include:

- On the Fox studio lot in Los Angeles, a review of lighting found 45 percent of electricity could be saved with more energy-efficient lighting.
- STAR found in their headquarters in Hong Kong they could remove one out of every three light bulbs in some areas while still providing enough light.
- Our new Fox Networks Center in Houston will utilize the latest light-emitting diode (LED) lighting technology in all of its master control rooms.

Transportation

We can also be more efficient in how we transport our goods and people. With the introduction of hybrid vehicles to the market, we can reduce the amount of carbon we emit per mile for some activities. At News America Marketing in the U.S. and at News Digital Media in Australia, we've already begun replacing existing cars for the salesforce fleets with hybrid vehicles. Also, we are experimenting with solar powered golf carts for shuttling employees around the Fox studio lot in Los Angeles.

Information Technology

Electricity consumption associated with computer use in our offices and data centers is growing. As our operations and employees rely more heavily on technology, this component of our carbon footprint will continue to grow. We are actively pursuing initiatives that will lower the electricity use of our computers and servers while continuing to increase productivity and performance. We are also encouraging our people to turn off PCs, TVs and lights when they're not in use.

In one office we discovered that just by turning off an automatic screensaver we could reduce power consumption of computers by a third.

Facilities

Our newer buildings already incorporate many energy efficient features, some of



which are becoming standard building practices (e.g., variable speed pumps, high efficiency chillers and other energy saving products). We will continue to search for opportunities to reduce the electricity used in our buildings:

- The Fox lot in Los Angeles completed three separate efficiency reviews and determined some improvements in lighting and air-conditioning that are now being implemented.
- The Keith Murdoch House in Adelaide, opened two years ago, uses 40% less energy than a typical office building. It uses solar panels to heat water and collects rainwater from the roof to be used throughout the building.
- The new Fox studios building on the Fox lot will be News Corporation's first building LEED-certified by the U.S. Green Buildings Council.
- In Australia, our Chullora print center will reduce its water consumption 60 percent through the construction of a dam to harvest rainwater.

Sourcing Renewable Energy

News Corporation businesses will explore the use of renewable electricity for all of our operations, where this is economically feasible. Two News Corporation businesses in the United Kingdom, News International and HarperCollins UK, have entered contracts to purchase electricity from renewable sources. In News International's agreement, 70 percent of the electricity they buy will come from hydroelectric plants in Scotland.

In News International's agreement, 70 percent of the electricity they buy will come from hydroelectric plants in Scotland.

70%



collaborate

80%

The Fox lot in Los Angeles recycles 80 percent of its solid waste, as well as paint, batteries and electronics



Working With Partners

As we continue to work on getting our own house in order, we recognize we can work with our business partners to tackle climate change together. We have begun to learn how to address our own energy use and greenhouse gas emissions and hope to share lessons with our business partners.

We consulted extensively without outside experts, non-profit organizations, and other businesses that have worked to address their impacts on climate change. We have also joined The Climate Group, a non-profit organization of businesses, governments and other organizations committed to addressing climate change.

Our example has had an impact on all our suppliers. This month our courier company swapped to electric scooters.

Rebekah Wade, Editor, The Sun



We believe we can also learn from our business partners who, in many cases, have extensive experience in reducing their energy use and addressing their impacts on climate change. By collaborating to find more efficient ways of doing business, we can both reduce our emissions and create economic value. We have begun to see examples of this in our purchasing of newsprint, distribution services, information technology and many other areas.

We do not see these considerations as a barrier to doing business or a requirement to be imposed on our business partners, but as an opportunity to broaden our relationships with advertisers, suppliers and distributors.

Where we can identify less energy- and carbon-intensive products and services that are available at competitive cost, we give preference to these products and services. This has already begun in some of our businesses:

- HarperCollins UK has replaced its car service provider with one that uses only hybrid vehicles.
- FOX's has started using bio-diesel generators, recycled carpets and signage and hybrid car services for some of its events including the Upfront and American Idol parties.

We also plan to offer our advertisers opportunities to reach our audiences with positive messages about climate change.



opportunity

We have the opportunity to broaden our relationships with advertisers, suppliers and distributors.



47,000

Approximately 47,000
people work at
News Corp. companies on
5 continents around the
world

Engaging Our People

Climate change is a global problem. Solutions will require bold action and creative vision from all corners of the globe. News Corporation is a global company with employees who are entrepreneurial, creative problem-solvers. We believe our employees will have a profound impact on this issue, on our operations and with our audiences.

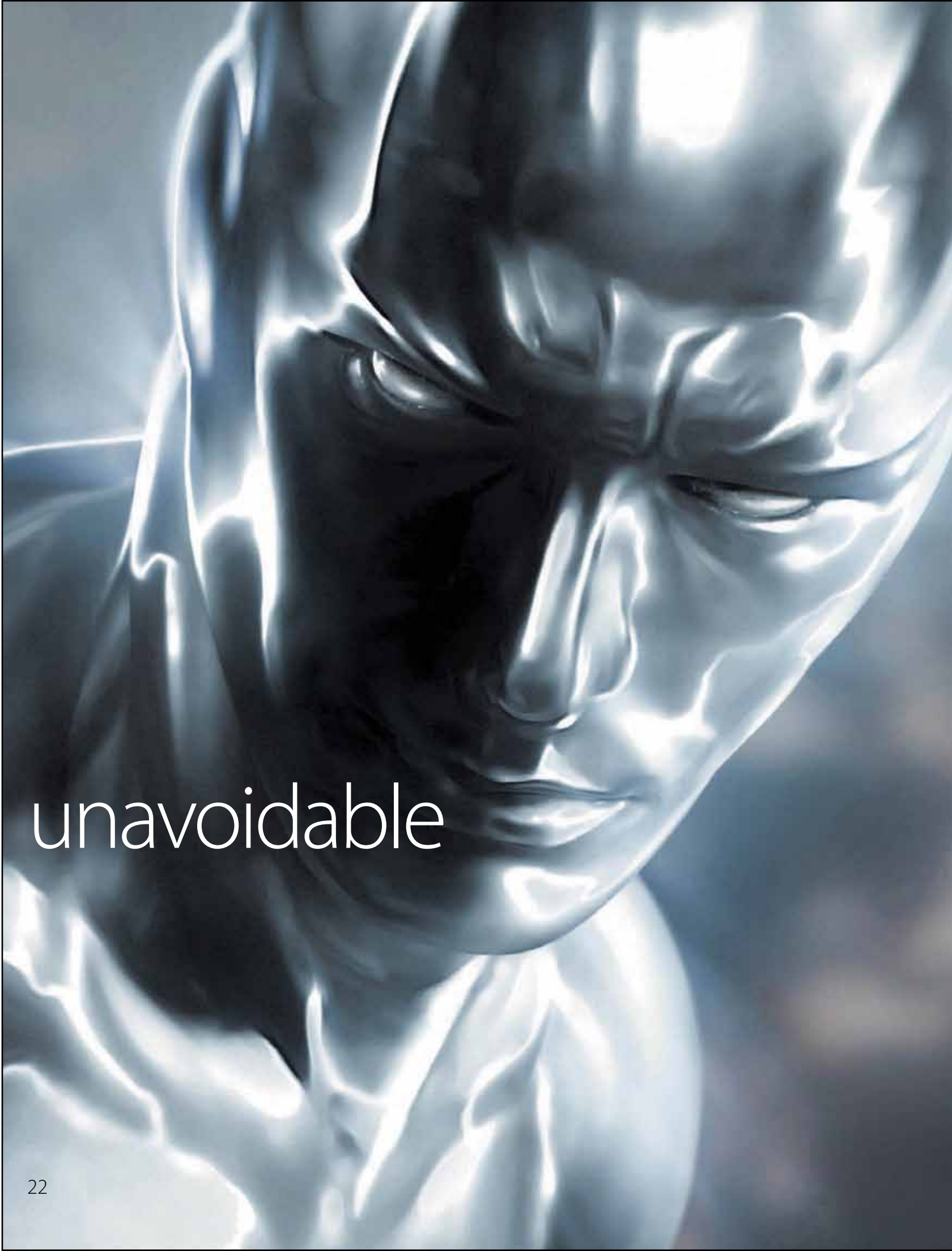
News Corp. launched an internal campaign to communicate with its employees on this issue, solicit energy-saving ideas and offer tips to reduce energy use and carbon emissions in their offices and homes.

Some of our businesses also offer an incentive to employees who purchase or lease hybrid cars.

For News Corp. to continue to thrive, we must continue to find and keep the world's greatest talent. Acting on this issue can be one more tool to help us connect with dynamic, creative, engaged people who think about the future – exactly the kind of people we want to work for our company.

It has been absolutely mind-boggling to me, the level of commitment from the number of people who contacted me directly to do this. And it's been quite rewarding to know that so many of our employees are just so dedicated and just so interested and want to get involved in such an exciting project.

Tony Vinciguerra, President and Chief Executive Officer, Fox Networks Group



unavoidable

We have intentionally decided to become carbon neutral gradually, to push ourselves to make as many reductions as possible in our own energy use before we buy carbon to offset the rest

plan

Offsetting Unavoidable Emissions

Some carbon emissions associated with our operations will be unavoidable.

To address these inescapable emissions, we plan on using carbon offsets.

A carbon offset is a financial tool to support projects that prevent carbon from being released into the atmosphere. Done right, they will widen the implementation of carbon-saving technologies and give an incentive to create new solutions.

This is a relatively new market and we have the power to shape it. We will learn as we go, searching for projects that truly need this carbon funding.

We have entered into an agreement to begin purchasing carbon this year, beginning with projects that will provide wind power in India.

When our net emissions reach zero – through a combination of changes in operations and balancing remaining emissions through carbon offsets – we will be carbon neutral.

We need to push ourselves to make as many reductions as possible in our own energy use before we buy carbon to offset the rest – and that takes time. But we must do this quickly – the climate will not wait for us.

See page p.32 for further details.

drive
the development of new technologies

American
Idol



300 million

STAR reaches more than
300 million people in Asia
– more than 100 million in
India alone

Reaching Our Audiences

News Corporation is beginning to address its own use of energy, but we recognize that our carbon footprint is small compared to the footprint of our audiences. We hope to engage our audiences and enable them to find ways to reduce carbon emissions in their own lives.

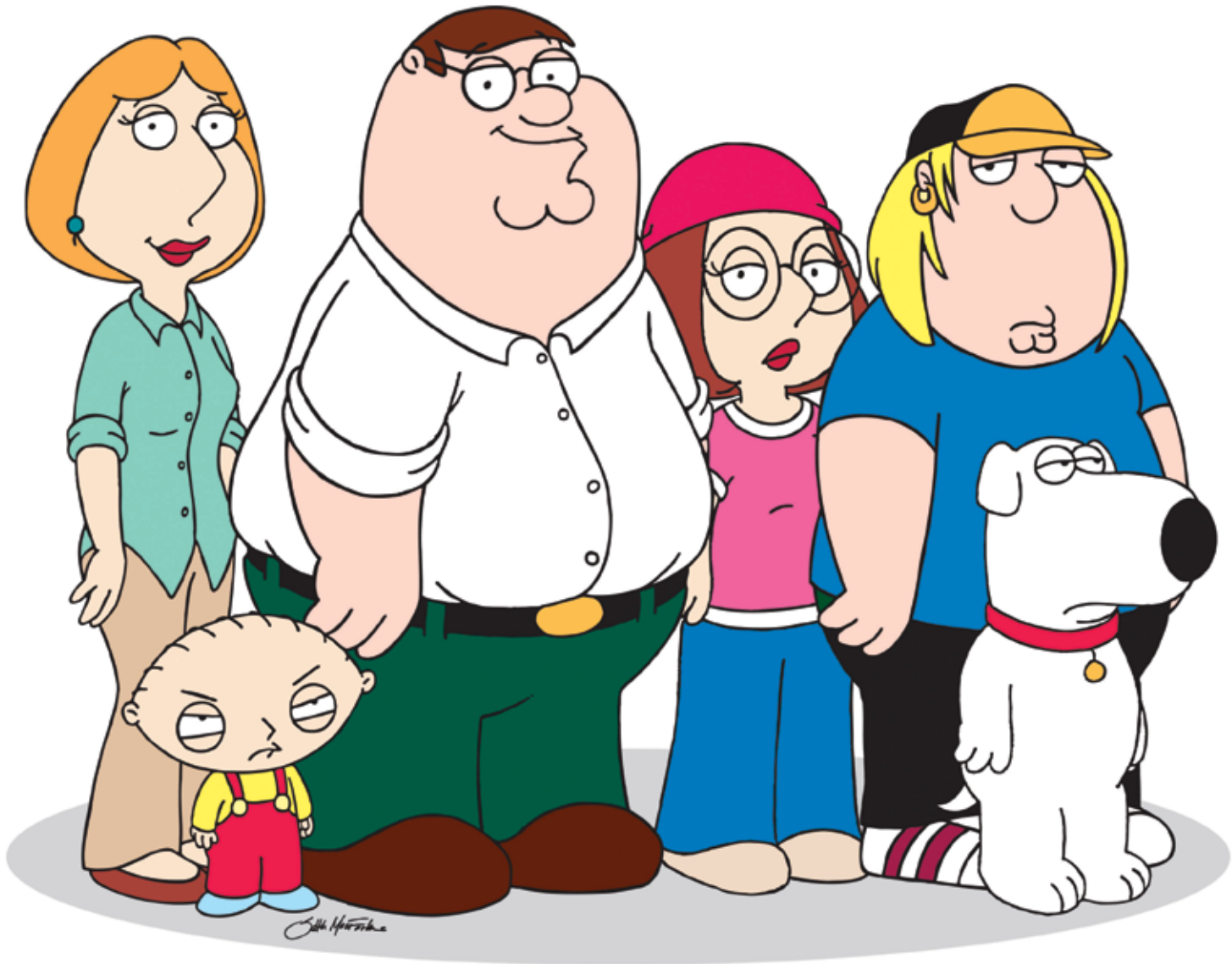
choices
that have enormous impact

If we are making relevant content then our content is going to touch on the issues that are relevant to audiences today. And obviously climate change is vitally relevant. We can make a great difference by doing films that deal with the issues of the day and yet do it in an entertaining and compelling way.

Tom Rothman, Co-Chairman, Fox Filmed Entertainment

Our global community can mobilize together, get the word out, and make a real difference.

Chris DeWolfe, Chief Executive Officer, MySpace

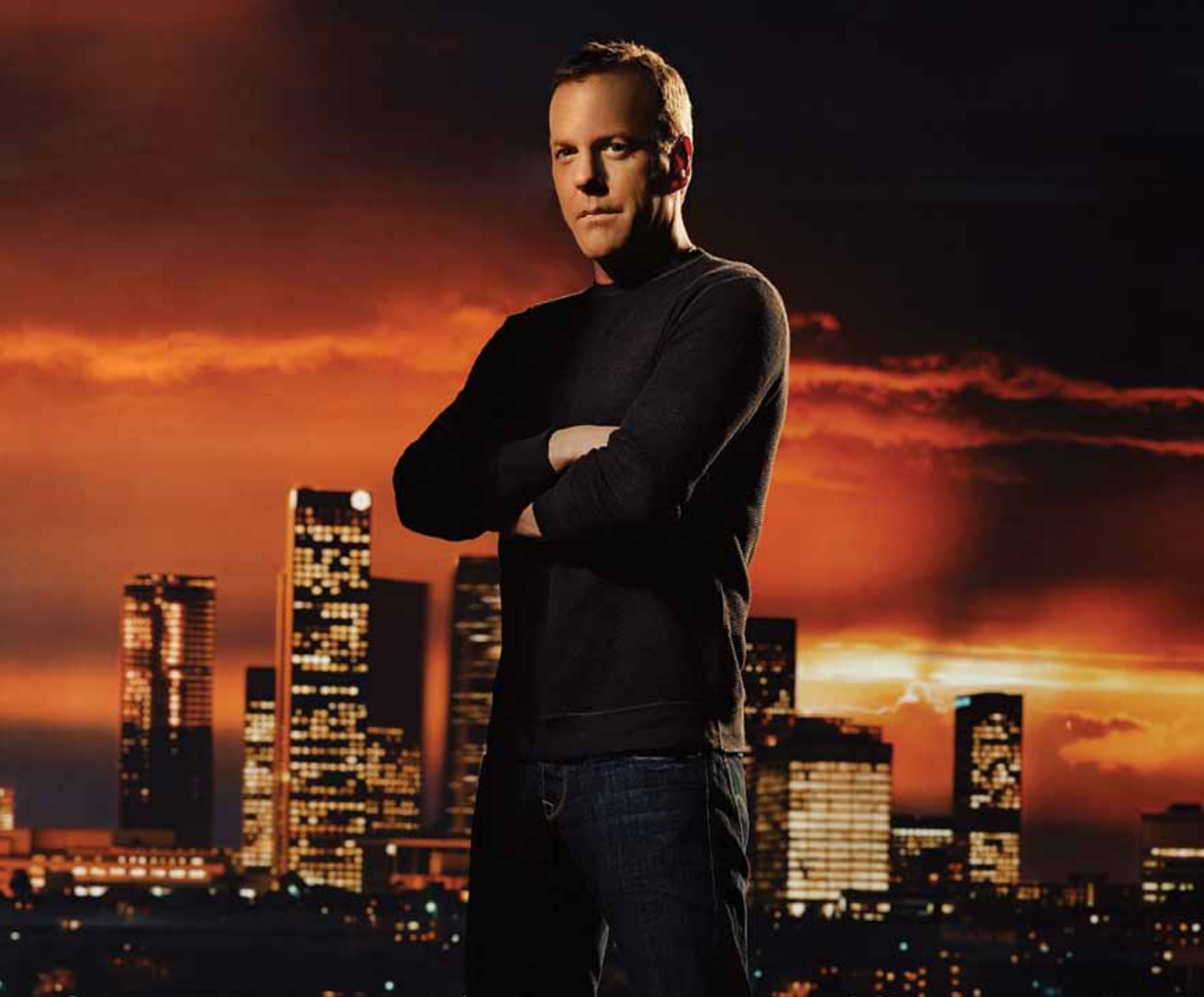


To solve the climate problem, the general public in many different countries will have to make different choices. News Corporation, today, reaches hundreds of millions of people throughout the world, in the developed world and the developing, East and West, with many different media.

We believe we can connect meaningfully with audiences on the issue of climate change, entertaining and informing them in ways that inspire and enable them to make changes in their own lives.

With Channel [V] in particular, our audiences are young and they are the generation of the future. So, it is really important, as a media company, that we educate them and do our part in providing a solution that they can all be actively a part of.

Dominic Lau, Channel [V], STAR



Imagine if we succeed in inspiring our audiences to reduce their own impacts on climate change by just 5 percent. That would be like turning the State of California off for almost a year.

just 5%



Sardinia House
52. Lincoln's Inn Field
London WC2A 3LZ
United Kingdom

News Corporation

1211 Avenue of the Americas
New York, NY 10036
USA

London, April 30, 2007

Re: Implementation of News Corporation's greenhouse gas emissions and energy inventory process and calculation of its carbon footprint

From January to April 2007, ICF International ("ICF") assisted News Corporation by designing a robust and comprehensive approach for developing its first ever group-wide carbon and energy footprint and through rolling out a reporting exercise across the group's global activities.

Following the guidelines proposed by the WRI/WBCSD GHG Protocol Initiative, ICF helped News Corporation's project team establish an internal greenhouse gas (GHG) and energy accounting and reporting methodology including: selection of operations and emission sources covered by the inventory, choice of News Corporation inventory base year, definition of GHG emission accounting processes, and organization of the reporting process. In a second phase of activity, ICF supported News Corporation at the individual company level, working closely with its staff leading and contributing to its *Global Energy Initiative*, in order to identify, collect and aggregate relevant source data, perform quality control tests, and calculate GHG emissions and energy use.

ICF mobilized several climate change and energy experts from across its offices in the Americas, Europe, and Asia. ICF's experts advised News Corporation on the methodological approach, designed specific reporting tools, and took an active part in data management up to calculation of final GHG emissions and energy indicators. News Corporation staff and ICF worked together at company level to analyze carbon footprint results for the base year and devise GHG emissions forecasts and reduction targets for future years.

As a result of this collaborative effort, News Corporation established for the first time a carbon and energy footprint of global activities placed under its control, covering direct emission sources – fossil fuel consumption in buildings, facilities, and vehicles as well as refrigerant fluids – and indirect emission sources – production by third parties of electricity and heat consumed and air business travel.

News Corporation's total carbon footprint for financial year 2006 has been calculated at 641,150 metric tons of CO₂ equivalent (tCO₂e).

In parallel to the carbon footprint exercise, ICF has identified opportunities to reinforce the robustness and granularity of News Corporation's approach to monitoring GHG emission performance as well as opportunities to reduce the company's carbon footprint going forward.

Yours sincerely

A handwritten signature in black ink, appearing to read "Abyd Karmali", followed by a small horizontal line.

Abyd Karmali
Senior Vice President
For and on behalf of ICF International



Participant Data
Name: News Corporation
Prepared by: Wiley Barbour, ERT

Emissions Inventory

Verification Level of Effort

Tier I: A Tier I-level verification is appropriate for basic reporting, or those voluntary efforts for which there are no imminent requirements for baseline protection, credit for early action, or emissions trading. Given the status of News Corporation's GHG emissions inventory and management system, a Tier I-level verification was appropriate for this project.

Summary

Based on its review of News Corporation's first-time GHG emissions inventory, ERT has verified the information submitted by News Corporation as being consistent with the News Corporation GHG emissions methodology and reporting guidance. ERT finds that the FY 2006 base year (July 1, 2005 – June 30, 2006) inventory conforms to generally accepted greenhouse gas (GHG) accounting standards. The emission estimates are found to be a fair and accurate representation of News Corporation's actual emissions and are free from material misstatement. ERT has verified a total of 641,150 metric tons of CO₂ equivalent emissions, conditioned on the following findings presented below.

Going forward efforts planned by News Corporation will likely yield more accurate estimates as News Corporation further develops, refines, and implements its formal GHG management plan, with the goal of continuous improvement of their GHG data collection and management systems. A follow-on verification activity will be conducted after FY 2007 data are collected. It will further review the data management processes used for domestic and international GHG accounting, and determine News Corporation business entities' 2007 GHG emissions performance relative to the 2006 baseline, and to their future target commitments. An updated verification statement will be prepared upon completion of that future effort.

Verification Approach

This Tier I verification effort was conducted following procedures outlined in the "Corporate GHG Verification Guideline" (prepared by ERT in 2005 under a grant program overseen by U.S. EPA Climate Leaders). This level of verification attempts to review the logic and procedures used to compile the emission estimates, and to assess the validity of the inventory design itself. It focuses on a review of the procedures in place and identifies gaps in a company's inventory program. Emissions data were reviewed at a high level to detect internal inconsistencies, identify outliers and find potential errors in reporting, and included boundaries' completeness checks. Data in spreadsheets and databases were also examined under this Tier I review. Statistical-based data sampling, detailed statistical analyses, and quantitative uncertainty analyses were not performed under this Tier I effort.

Beyond the Tier I-level activities, this verification effort also involved a review of calculations and methodologies used to generate the inventory report, including reviews of some disaggregated data. Documentation was examined and the audit trail followed below the business entity level to raw data sources for several News Corporation business entities, including the New York Post, Fox News Group, and Fox Interactive Media. Field site survey visits and/or meetings were conducted at those business entities in April 2007, as well as at News Corporation's corporate headquarters at 1211 Avenue of the Americas in New York City.

Key Findings

Project Boundaries & Dates: Boundaries for the News Corporation corporate-wide GHG emissions inventory were developed on a basis of operational control and executed in a manner generally consistent with accepted GHG accounting practices. Reviews of the 2006 corporate annual report and SEC Form 10-K statement indicated that the News Corporation GHG inventory included all material business entities under their operational control. The inventory covers fiscal year 2006 (July 1, 2005 – June 30, 2006) at this time.

Mergers, acquisitions, divestitures and organic change: The greenhouse gas management plan correctly describes the need for procedures for handling changes

in the corporate boundaries resulting from mergers, divestitures and acquisitions. It is recommended that this inventory management plan be enhanced with additional discussions included on the details of baseline adjustments, organic growth (and decline), data or methodology change management procedures and documentation, and implementation/accounting of GHG reduction projects.

Base Year The FY 2006 emissions inventory provides a performance benchmark against which News Corporation will measure year on year progress towards controlling GHG emissions, increasing energy efficiency, and reducing energy costs.

Monitoring, Data Collection, & Methodology: In general, procedures were in keeping with the inventory management plan. The following deviations from the preferred collection of activity data were determined by ERT to be acceptable:

Electricity usage records were generally available for all major News Corporation-owned facilities, which accounted for a majority of News Corporation's emissions, but data for most leased facilities and on-location activities required estimation by less accurate methodologies. In some cases, usage was calculated from office space areas or financial records, introducing some uncertainty in final results. Emission factors used to calculate GHG emissions from electricity use were clearly documented and reflect best practices (E-Grid NERC factors for domestic use, and WRI Protocol, IEA, and UN factors for international facilities). Use of grid average factors is a commonly accepted practice to quantify Scope II emissions. A marginal displacement analysis would yield more accurate estimates of actual displacement but is infeasible due to the number of facilities and high cost of obtaining these results.

Mobile source fuel use records containing quantity and type of fuel were obtained from direct data collection processes and survey responses returned by some fleet and regional managers, for those larger business entities. Fuel use was estimated for many vehicles based on mileage and financial reimbursement records. Scope III emissions for employee business air travel in most cases were estimated from travel agency data on actual trip mileage and numbers of segments; a minority of those emissions were estimated from numbers of trips only.

Calculation of refrigerant losses from chillers, air conditioners, and other HVAC units, coupled with the high GWP's for these gases, resulted in emission estimates that were highly variable across News Corporation business entities (on a relative basis). International data for refrigerant leaks and charge rates are often incomplete, missing, or unreliable. Domestic records are also of varied completeness and quality, and data for 2006 were estimated based on facility area square footage in most cases, to fill in data gaps or replace incomplete records. Further study of leak rates/maintenance practices, and evaluation of business entity HFC usage and emissions, is recommended in order to confirm that this part of the News Corporation corporate inventory may be immaterial, and, if so, reflect that result accordingly in the GHG inventory management plan.

In general, a number of data collection and handling procedures are being evaluated based on findings from the initial inventory activity. Manual data collection, transfer, and entry steps are targets for elimination. Standardized data collection procedures across business entities; simplified and streamlined data collection templates; web-based data collection and entry tools; electronic data transfer; and robust data management and accessible database reporting systems are all indicated for News Corporation's going forward GHG management system.

Quality Control, Reporting, Documentation, & Uncertainties: Quality control, reporting, and documentation procedures followed in this initial GHG inventory development effort were generally in keeping with the GHG management plan. Basic QA/QC activities are explained in the carbon footprint methodology statement. Based on this initial GHG inventory effort, and News Corporation's plans for its future development and enhancements, a formal QA/QC program is indicated. Such a plan should include details on provisions for QA/QC procedures and practices in the inventory development process, including written documentation (e.g., QA/QC plan, problems identified and resolutions implemented, etc.). Elements of such a QA/QC plan should include requirements for reporting processes and supporting documentation, controls on reporting process and systems, management approval process for GHG data, internal QC checks on data, training of GHG/GEI data coordinators, change management procedures, and recordkeeping/data retention requirements. A number of efforts are being planned by News Corporation to improve the quality and accuracy of their entire inventory process for FY 2007.

Carbon Offset Approach

The voluntary carbon market is new and growing rapidly. We will use our purchases in the next few years to both learn from and help shape this market.

We will only consider offsets from projects that demonstrate a real reduction in greenhouse gas emissions which would not have occurred on a “business-as-usual” basis (i.e., are “additional”), and that have been verified by an independent, accredited, third party. Our company has a global footprint: as long as a project genuinely, permanently, and measurably reduces emissions, without causing any negative social, cultural, or environmental impacts, we are neutral as to the technology employed or the geographic location.

Carbon offsets also have a vintage, a year in which the emissions were reduced. We aim to generally match the vintages of carbon offsets we purchase with the year in which the emissions we are targeting for offsetting actually took place.

We will permanently retire (remove from circulation in the market) carbon offsets when we apply them to our businesses’ carbon footprints. We prefer to purchase carbon offsets that are listed on registries to ensure they are tracked, handled, and listed without being double-counted.

There are several efforts underway to create standards for voluntary carbon offsets – while we do not have the technical expertise to assess the merits of any specific standard, we hope to see one or more of these become universally accepted.

To support the emergence of these standards, this year we purchased carbon from projects that were either certified under the Voluntary Carbon Standard (developed by the Climate Group) or under the Gold Standard (developed by the World Wildlife Fund).

For our initial purchase, we considered a wide range of different types of projects in different locations, and conducted a competitive bid. We have agreed to purchase offsets from Cheyne Capital, a hedge fund manager with expertise in the voluntary carbon market, and 3 Phases Climate Solutions, a wholesaler of renewable energy and other energy- and climate-related products. In these initial arrangements, we have agreed to purchase 61,000 metric tons of carbon dioxide (vintage 2006 and 2007) from a portfolio of wind energy projects in the state of Maharashtra, India.

