

MINDING THE CARBON STORE

A major Australian-based greenhouse gas reduction project developed by The Carbon Pool Pty Ltd with the support of Rio Tinto Aluminium

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WHAT IS THE MINDING THE CARBON STORE PROJECT?

- In 2004 the Queensland Government legislated to first cap and then end broad-scale clearing of native vegetation by the end of 2006. If all clearing permitted under the cap is undertaken, at least 50 million tonnes (Mt) of CO₂ will be released into the atmosphere
- The Minding the Carbon Store project is designed to decrease greenhouse gas emissions by reducing the clearing of native woodlands and forests in Queensland
- The Minding the Carbon Store project is managed by The Carbon Pool Pty Ltd

THE CARBON POOL PTY LTD



- Australian company established in 2001 to deal in the emerging markets for greenhouse gas abatement

Roles:

- Develop and manage the project's inception
- Provide financial returns to landowners
- Manage risk for buyers through pooling of carbon rights
- Retain a risk management buffer of carbon rights across the pool
- Create verified emission abatement
- Ensure rigorous scientific carbon stocks assessment
- Provide legal, administrative and technical services
- Monitor the compliance of participating landowners to not clear land for 100 years

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HOW DOES IT WORK?

- Payment incentives provided to landowners to forego permit to clear

- Reduction in clearing = verified reduction in greenhouse gas emissions

- Emission reductions sold primarily to corporate sector buyers

- Verified emission abatements count as offsets in corporate greenhouse emissions inventories

HOW WILL CARBON CREDITS BE CREATED?

**100
YEARS**

- A contract between The Carbon Pool Pty Ltd and the landowner transfers ownership of the “carbon rights” and binds landowners and their successors in title not to clear the land for a minimum of 100 years after the emission reductions are sold

**20%
BUFFER**

- Project includes a “buffer” whereby 20 per cent of all carbon credits are set aside to provide for any potential losses due to fire, drought etc. within a 100 year period



- Arrangements are in place for ongoing monitoring, management and risk management of the vegetation by the Carbon Pool Pty Ltd



- Verified (under the Greenhouse Friendly Programme) greenhouse gas abatements sold

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RIO TINTO ALUMINIUM'S INVOLVEMENT

- Key project sponsor and cornerstone purchaser of abatement generated by the project

WHY IS RIO TINTO ALUMINIUM INVESTING IN THE PROJECT?

- Rio Tinto Aluminium is a major emitter of CO^{2-e} – 11.7Mt in 2005
- We accept the science behind global warming
- We have a responsibility to our shareholders and the broader community to reduce our carbon liability and manage our greenhouse gas emissions going forward
- Climate change is a first order risk to our business and a major opportunity
- Aligns with business strategy to support innovative approaches to climate change
- Forms part of our offset portfolio



WHAT ARE THE ENVIRONMENTAL BENEFITS OF THE PROJECT?

- The project aims to save at least 30,000 hectares of forest and woodland and generate in excess of 3Mt of verified emission abatement
- Protection of biodiversity – the project will target areas of high conservation value
- Potential additional benefits to water and salinity
- Topsoil retention
- Will add to the body of knowledge around vegetation management and carbon sequestration

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HOW DOES THIS FIT WITH RIO TINTO ALUMINIUM'S CLIMATE CHANGE STRATEGY?

Minding the Carbon Store is part of Rio Tinto Aluminium's response to climate change. The strategy includes:

- Positioning the business as a solutions focussed player in the climate change debate
- Engaging employees around the business case and the strategy
- Reducing onsite emissions through projects including energy efficiency, capacity building, further perfluorocarbon reductions and vegetation rehabilitation
- Addressing current and future emissions from purchased electricity at all sites
- Exploring emission offsets such as bio-sequestration
- Engaging a broad range of stakeholders and developing a sophisticated response to public policy including emissions offset schemes

WHAT IS THE BROADER VALUE OF THE PROJECT?



LANDOWNERS

financial compensation and reward for protecting native vegetation



BUYERS

access to a significant amount of competitively priced, verified carbon abatement



FEDERAL GOVERNMENT

a contribution to meeting Australia's emissions target



STATE GOVERNMENT

supports the Queensland Government's vegetation management legislation



FUTURE INTERNATIONAL OFFSET SCHEME

the world's first legal and commercial model that generates verified emission abatement from avoided deforestation



THE FEDERAL GOVERNMENT'S GREENHOUSE FRIENDLY INITIATIVE

demonstrates voluntary action that significantly boosts this programme



NGOs

demonstrates the opportunity to leverage greenhouse gas abatement to protect natural systems

For further information

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