

Carbon offsetting basics and Updated Climate Neutral Now initiative

Presentation for IEMA
12 May 2021



Climate neutrality
Carbon neutrality
Net zero
Climate positive
Carbon negative
Net negative
... ?



Nomenclature and conceptual discussion

Emerging consensus:

- Carbon neutral **measure + reduce/avoid + offset**
with current project types (avoidance, reduction, temporary capture / sequestration)
Only carbon or other GHGs too.

- Net zero **measure + reduce/avoid + long-term capture**
with technological solutions, still to be made broadly available or even developed (like-for-like compensation)



Carbon neutrality – a tool to encourage action

- Should stakeholders (individuals, organizations, companies, subnational authorities etc.) wait until they reach “truly unavoidable” emissions – whose definition is not yet clear- or **make an extra effort** now?
- There is still enormous opportunity to reduce and avoid, and long-term capture is not yet broadly possible.
- We are still far away of meeting reduction targets.
- An intermediate step towards net zero.

Reduce/avoid and make an extra contribution NOW



Carbon offsetting: The Basics



What is carbon offsetting?

Basic concept: **compensating** one's greenhouse gas (GHG) emissions.



1 ton of CO₂e



\$\$



1 carbon credit



What does carbon offsetting represent?

A **concept** that gives a stakeholder the rationale to invest in projects that reduce, avoid or capture GHGs beyond their direct area of influence.

Translation: it gives an argument to the environment/sustainability/CSR manager of the organization to convince management to allocate budget to activities that benefit the environment/climate/society but “mean no profit” for shareholders.

And **a tool** to mobilize finance, especially from **private sector**, for **emission reduction**/avoidance/capture-sequestration projects, and to bring **sustainable development co-benefits** to communities.

1- The polluter pays principle / Price on carbon £¥€\$

2- Taking responsibility for our pollution (GHG emissions) as we do for other forms of pollution.



Environmental integrity of carbon credits

Real, permanent, additional = **environmental integrity**

A project certification system (**carbon market mechanism or standard**) that is/has:

1. **Robust** (clear, strong rules)
2. **Independent governing body** (no conflict of interest)
3. **Transparent** (all information publicly available)
4. **Inclusive** (include all relevant stakeholders)
5. **Third-party verification,**
6. Accounting for **leakage**
7. A tracking system (**a registry**) to **avoid double use/double counting/double claiming.**

TSVCM – Paris Agreement Article 6



Integrity of claims

All information related to claims of carbon neutrality or net zero should ideally be, for the highest level of credibility:

- Developed under a recognized **standard(s)**
- Third-party, independently **verified**
- **Publicly** available
- **Transparently** communicated to the public

There are also “self-declared” carbon neutrality claims.

ISO 14068 (upcoming) – PAS 2060 – National standards



Types of carbon credits/offsets

1. **Compliance mechanisms** (under the UNFCCC process)
 - Clean Development Mechanism (CDM) – Certified Emission Reductions (CERs)
 - Joint Implementation Mechanism (JI) – Emission Reduction Units (ERUs)
 2. **National or Subnational Mechanisms** (outside the UNFCCC process)
 - Carbon Action Reserve (California, Climate Reserve Tonnes)
 - Chinese CERs (CCERs)
 3. **Voluntary Carbon Market mechanisms** (outside the UNFCCC process)
 - Woodland Carbon Code (Woodland Carbon Units)
 - Gold Standard (Gold Standard Foundation, Switzerland)
 - Verified Carbon Standard (VERRA, NGO in USA)
 - Climate, Community & Biodiversity Standards or CCBS (VERRA, NGO in USA)
 - Plan Vivo (Foundation, Scotland)
 - ISO 14064-2 (international)
 - GHG Protocol for Project Accounting (international)
- Generate Voluntary Carbon Units (VCUs) or Verified Emission Reductions (VERs) or similarly named units.

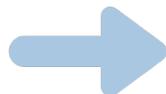


Update on the Climate Neutral Now initiative of the UNFCCC secretariat



The process

Sign the
Pledge
(Once)



Measure

- Quantify emissions
- Spot main sources

Reduce

- Identify potential reductions
- Plan and implement actions

Contribute

- Choose a project
- Contribute through offsets

Report

- Assess results and revise
- Communicate

Enhanced Measure+Reduce+Contribute approach



Bronze



Silver



Gold

	Bronze	Silver	Gold
Measure	Self-declared GHG inventory	Third-party verified GHG inventory, with incomplete scope 3	Third-party verified GHG inventory, including full scope 3
Reduce	Target established, with incomplete or no reduction plan	Net Zero by 2050 or earlier & reduction plan with intermediate targets	As Silver, with at least 5% reduction year-on-year
Contribute	Partial contribution	Full contribution with partial scope 3	Full scope 3, full contribution

Please note that a participant can achieve different levels in each step

Organizations that reach gold level for all steps 1 and 3, and silver level for scope 2, can be recognized as carbon neutral.

Others can be considered as contributing and being on the road to climate neutrality.



Thank you



United Nations Climate Change
Global Climate Action

**CLIMATE
NEUTRAL
NOW**

