



#### Contents

#### 1. Scenario of carbon credit use post-2020

- a. Contribution toward Host country NDC
- b. Neutralising hard-to-abate/residual emissions

2. Various types of climate change mitigation claims and related criticism

3. Various target-setting initiatives, regulations, and claims guidance initiatives

3

# a. Contribution toward Host country NDC

- With the Paris Agreement, countries are committed to Nationally Determined Contributions (NDCs) to reduce GHG.
- This can be done also with carbon credits generated from emission reduction projects in other countries.
- These transaction should in theory promote international cooperation with cost-efficient solutions.









#### Some basic rules

- The use of international transaction of carbon credits should complement, rather than substitute for, domestic efforts to reduce emissions and transition to a low-carbon economy.
- **One pre-requisite** is that these transactions should be aimed at...

9

### b. Neutralising hard-toabate/residual emissions

Hard-to-abate refer to the GHG that are particularly expensive or difficult to reduce with current technologies:

- Heavy Industry such as cement and steel,
- Chemical industry: fertilizers, plastics, and solvents
- Aviation: Sustainable Aviation Fuels (SAF) still quite expensive.
- Agriculture: livestock farming (→ methane) and rice cultivation (anaerobic decomposition of organic matter in flooded rice paddies)
   Important role of nutritional models







	CLIMATE CHANGE AND ENERGY
	The US just invested more than \$1 billion in carbon removal
	The move represents a big step in the effort to suck CO2 out of the atmosphere—and slow down climate change.
	By James Temple
	August 11, 2023
The U develo of carl	S Department of Energy announced today that it's providing \$1.2 billion to p regional hubs that can draw down and store away at least 1 million metric tons oon dioxide per year as a means of combating climate change.
The m	ove represents a major step forward in the effort to establish a market for





#### Contents

1. Scenario of carbon credit use post-2020

### 2. Various types of climate change mitigation claims and related criticism

- a. Contribution vs. Compensation claim
- b. Various types of claims
- c. Greenwashing

3. Various target-setting initiatives, regulations, and claims guidance initiatives

15

### a. "Contribution" vs. "compensation claim"

**Contribution**: **voluntary commitments** made by countries to address climate change.

**Compensation claim**: it involves **requests for assistance or support from wealthier nations** to mitigate the impacts of climate change, often based on historical responsibility.

Are terms often used in the context of climate change negotiations and agreements, such as those under the UNFCCC.

## Contributions and compensation claim: field of activities

**Contributions** can include reductions in GHG emissions, investments in renewable energy, adaptation measures, financial contributions to climate finance mechanisms, and other efforts aimed at mitigating or adapting to climate change.

**Compensation claims** can include financial aid, technology transfer, capacity building, and support for adaptation projects.







# Forest credit generation also by forest companies





A preliminary note: Carbon removals and offset

Carbon removals is a more general term meaning the physically removing of  $CO_2$  from the atmosphere to reduce its concentration.

Carbon offsets is a trade-off: an organisation compensates its emissions by purchasing carbon credits to finance emission reductions (the most frequent case) or carbon removals elsewhere.



#### **Climate neutral**

Climate neutrality encompasses a broader range of greenhouse gases **beyond carbon dioxide** emissions to encompass **all greenhouse gases** (GHG) that contribute to climate change, like:

- methane (CH4),
- nitrous oxide (N2O), and
- fluorinated gases.

25

Climate positive and Carbon negative, often used as synonymous.

**Climate positive:** an organization or activity with emissions into the atmosphere of GHG that are lower than removals or offsets, i.e. with net positive impact on atmospheric GHG levels (**«net gain**»)

**Carbon negative:** an organization or activity with a **net removal of CO<sub>2</sub>** from the atmosphere.



As often happens (see RED  $\rightarrow$  REDD  $\rightarrow$  REDD+), there is a process towards achieving a higher status of environmental performance by implementing strategies that amplify the impacts of human activities on nature across

- various environmental factors (from CO<sub>2</sub> → GHG → GHG + biodiversity),
- time (short term  $\rightarrow$  long term strategies),.
- **scales** (single organization, + suppliers, entire value chain, outside world)









3	1
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Ongoing main standards in the voluntary carbon market				
Standard	Web site	Logo		
VCS-Verra	https:/cosystem /verra.org/ > 80% of the market	VCS VOLUNTARY CARBON STANDARD		
The Gold Standard	https://www.goldstandard.org/	Standard		
ССВ	www.climate-standard.org	The Climate, Community & Biodiversity Alliance		
Plan Vivo	www.planvivo.org	-		
Carbon Fix	www.carbonfix.org	Cardram Fits Standards Oundary Cardinates from new forests		
Social Carbon	www.socialcarbon.org	K social <b>carbon</b>		
Climate action reserve	www.climateactionreserve.org	CLIMATE ACTION RESERVE		

#### Standard classification

Distinction in 4 groups:

- a. standards used in institutional markets;
- b. standards used in voluntary markets internationally;
- c. standards defined within the markets promoted on a national scale on the initiative of public entities or in partnership with private individuals;
- d. standards on co-benefits that complement those related to carbon credit certification.









#### Vatican signs up for a carbon offset forest

The Holy See has accepted an offer from a climate solutions company to plant a forest in Hungary which will offset the Vatican's carbon dioxide emissions and make it the "first entirely carbon neutral sovereign state".

The new Vatican Climate Forest will be created in Hungary's Bukk National Park under the auspices of the KlimaFa Climate Parks program. Its dimensions will be determined by the Vatican's 2007 energy usage and the success of its current emission reduction efforts. KlimaFa has received EU JI Track 1 approval to plant thousands of hectares of new native species, mixed growth forests under the permanent protection of European national park systems. Its initial projects are being conducted in collaboration with Hungary's government, Academy of Sciences and National Parks Directorate.

Planktos/KlimaFa has further committed to work with the Vatican and the Pontifical Council of Culture to develop methods to calculate the CO2 emissions of individual Catholic churches and offer ecorestoration options to turn their carbon footprints green.

Budapest-based KlimaFa, Kft is the EU forest subsidiary of climate ecorestoration pioneer Planktos Corp (OTCBB:PLKT), which also has offices in the US and Canada.

For further information visit www.klimafa.com and planktos.com.

## Complexity of the requirements for responsible investments

Additionality (baseline definition), permanency, leakage, co-benefits, double counting, ...

→ incorrect practices ("carbon cowboys" and "Green and social washing")

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#### Carbon cowboys

July 23, 2011 Cread later Amazonian tribes are facing new challenges as carbon credit dealers move into their forests, write Patrick Bodenham and Ben Cubby.



#### Verra Response to Guardian Article on Carbon Offsets



41



 $\label{eq:https://www.newyorker.com/magazine/2023/10/23/the-great-cash-for-carbon-hustlehttps://reddmonitor.substack.com/p/south-pole-and-the-kariba-redd-project$ 









#### In general, we need to be cautious with expansion with AF/RF investments

Several reports warns:

- «offsets will fuel increased demand for land»
- «the sum of climate pledges of the countries will require 1.2bln ha, an area larger than US or 4 times India»
- «no land enough to accommodate corporate and government net zero plans for offsets. Risks for land that grow food».



## Implementing REDD+ activities: the Cancun safeguard criteria (summary)

- 1. That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements;
- 2. Transparent and effective national forest governance structures, taking into account national legislation and sovereignty;
- 3. Respect for the knowledge and rights of indigenous peoples and members of local communities
- 4. The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities
- 5. That actions are consistent with the conservation of natural forests and biological diversity
- 6. Actions to address the risks of reversals;
- 7. Actions to reduce displacement of emissions.

Source: https://redd.unfccc.int/fact-sheets/safeguards.html

49

→ Code of good practice, guidelines, directives, ...
 Voluntary instruments
 a. SBTI net zero standard
 b. VCMI Claims Code of Practice
 c. EU Directives on Green Claims
 d. EU CRCF
 Regulative instruments







#### Key components of the Corporate Net-Zero Standard

- 1 Near-term targets: Rapid, deep cuts to direct and indirect value-chain emissions must be the overarching priority for companies. Companies must set near-term science-based targets to roughly halve emission before 2030. This is the most effective, scientifically-sound way of limiting global temperature rise to 1.5°C.
- 2 Long-term targets: Companies must set long-term science-based targets. Companies must cut all possible usually more than 90% of emissions before 2050.
- 3 Neutralize residual emissions: After a company has achieved its long-term target and cut emissions by more than 90%, it must use permanent carbon removal and storage to counterbalance the final 10% or more of residual emissions that cannot be eliminated. A company is only considered to have reached net-zero when it has achieved its long-term science-based target and neutralized any residual emissions.
- 4 Beyond Value Chain Mitigation (BVCM): Businesses should invest in BVCM in addition to near- and long-term science-based targets. BVCM includes projects to restore natural carbon sinks like tropical forests and peatlands as well as projects that protect nature such as Jurisdictional REDD+. It also includes technology based removals such as Direct Air Capture and Carbon Storage. BVCM is never a substitute for rapid and deep cuts to value-chain emissions. Please refer to the <u>BVCM page</u> for details.

Source: https://sciencebasedtargets.org/net-zero







### c. EU Directives on Green Claims

- In January 2024, the European Parliament approved the Directive Empowering Consumers for the Green Transition through Better Protection against Unfair Practices and Better Information ("Greenwashing Directive").
- The Directive is associated to the proposed Green
  Claims Directive
- Sustainability claims cover both environmental or "green" claims and so-called "social characteristic" claims.

# What will be prohibited by the Directives

- The use of "sustainability" labels that are not based on an independent, third-party certification scheme, or established by public authorities.
- The use of so-called **"generic" environmental claims** such as "green", "environmentally-friendly", "sustainable", "conscious" or "responsible"...
- Environmental claims that relate to an **entire product or business** when it actually concerns only a **specific aspect** of the product or specific activity of the company's business.















#### The supply-side: Ecosystem Services Project Principles

**1. Science-based Nature Recovery**. NbS projects are led by science and deliver net gains to biodiversity and ecosystem integrity.

2. Environmental & Social Safeguarding. Projects adopt a holistic & integrated approach (at landscape, local & national levels) to minimise leakage and not cause adverse impacts on other environmental objectives or on local communities. Existing environmental projects are not undermined by the sale of ES.

**3. Additionality.** Where they sell ecosystem services, NbS projects only sell ecosystem services based on new, verifiable environmental outcomes that would reasonably be expected not to have happened without the income generated from the sale of ecosystem services.

**4. Permanence & Financial Prudence.** The durability of benefits is maximised, ideally in perpetuity, and the risks of reversal of the benefits are mitigated through financial prudence.

5. Seek Co-Benefits. Projects seek to maximise co-benefits for local communities and society.

**6. Verifiability.** Projects deliver reliable and independently measurable environmental gains through best practice management, monitoring, independent verification and reporting.

7. Transparency. Projects commit to public disclosure of outcomes to maintain accountability and support the development of trusted ecosystem service markets.

https://finance.earth/wp-content/uploads/2023/08/Full-Nature-Markets-Principles-October-2023.pdf









We know the direction. We know the risks. We know that we have to cooperate. Still a long way to go!

