



International Carbon Reduction  
& Offset Alliance

19th Annual IEA-IETA-EPRI Workshop on  
Greenhouse Gas Emission Trading

How carbon markets can drive  
voluntary action under the Paris  
Agreement

Paris, France  
4<sup>th</sup> October 2019

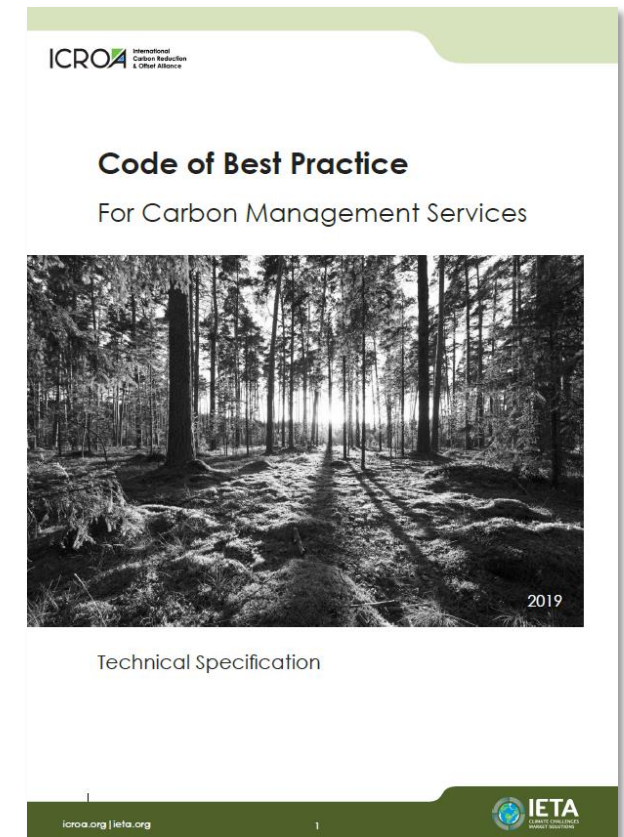
# Scaling private sector voluntary action post-2020

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# Introducing ICROA

*The International Carbon Reduction and Offset Alliance (ICROA) is an international industry association housed within IETA*

- ICROA's primary aim is to deliver quality assurance in carbon management and offsetting, through adherence to the ICROA **Code of Best Practice**
- ICROA ensures **credibility and quality** for corporates using voluntary carbon credits to offset their greenhouse gas emissions
- ICROA provides a **unified voice for the voluntary carbon market**



# ICROA's position<sup>1</sup> on scaling and ensuring the integrity of voluntary action

## **Emission reductions over and above business as usual**

- Third-party Carbon Standards will be required to ensure baselines and methodologies are updated and adapted over time to maintain additionality by ensuring emission reductions over-and-above business-as-usual and regulatory requirements.

## **Counting emission reductions only once**

- When additionality is adequately addressed by Carbon Standards, voluntary action is additional to country commitments under the Paris Agreement and does not undermine nor distort reporting of progress because emission reductions are recorded only once at the UN level by the country hosting the mitigation activity.

## **Claim available to private sector entities taking action**

- Private sector entities can claim mitigation outcomes when Carbon Standard registries are used to record and transact uniquely identified emission reductions from validated and verified mitigation activities.
- Credible claims of carbon neutrality are supported when registries also are used to retire or cancel a sufficient number of emission reductions.

1. [https://www.icroa.org/resources/Documents/ICROA\\_Voluntary\\_Action\\_Post\\_2020\\_Position\\_Paper\\_July\\_2019.pdf](https://www.icroa.org/resources/Documents/ICROA_Voluntary_Action_Post_2020_Position_Paper_July_2019.pdf)






# Corporate action on climate is being driven by a widening set of environmental, social and economic priorities



- UNFCCC rallying cry is increased **ambition**
- UN Global Compact harnessing business support for the **SDGs**
- IPCC's 1.5°C & Land-use reports, Greta Thunberg, Extinction Rebellion emphasize **urgency**.
- We Mean Business ... promoting **carbon pricing**.
- SBTi and TCFD driving focus on business model **transformation**.
- Development and Environmental Justice communities ... calling for a **just transition**.
- CDP and wider civil society communities ... promoting **transparency & accountability**.
- Natural4Climate coalition promotes **nature-based mitigation**.
- Consumers expressing increased preference for **climate responsible products and services**

# Influential civil society groups are challenging business to address these priorities from a rational, science-based perspective

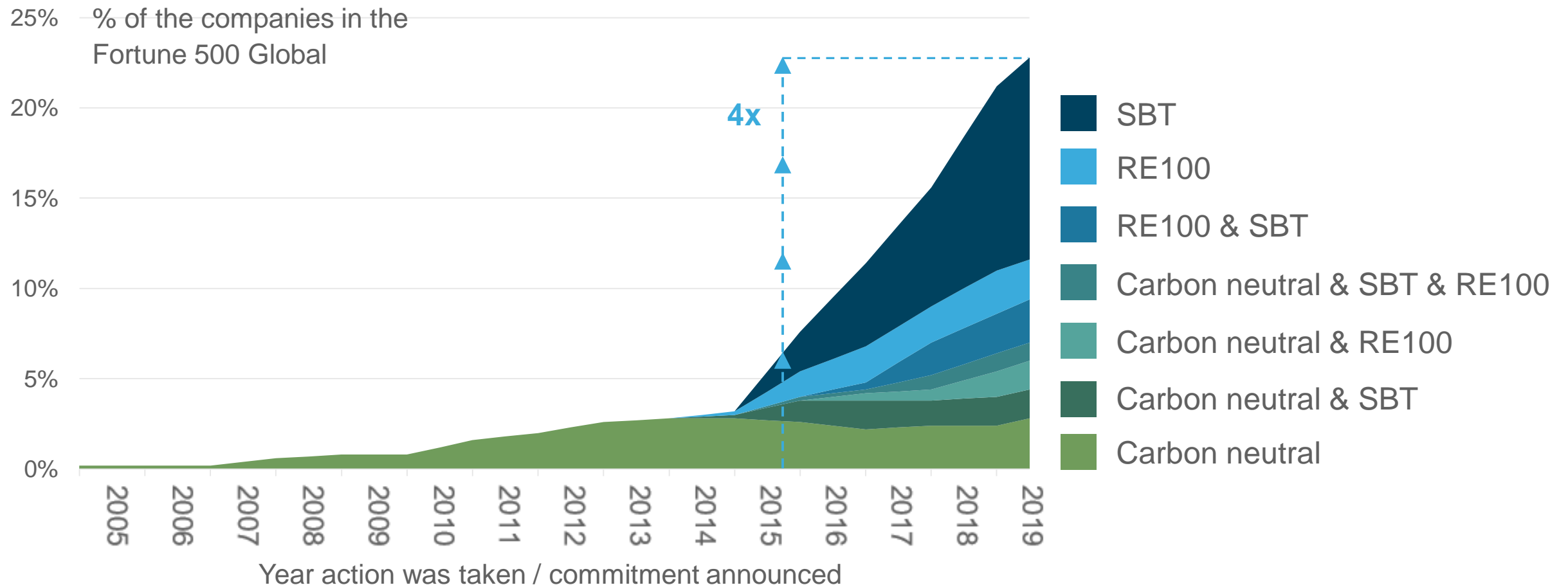


NGO	Purpose (Role in SBTi)	Focus
	Transparency & Transformation (implementation lead)	Corporate reporting on business transformation
 	Delivery against the UN Global Compact (promotional lead)	Effective promotion and progress against the 17 SDGs
	Protect nature (advocacy lead)	Corporate commitment to transformation & protection of natural ecosystems
 WORLD RESOURCES INSTITUTE	Sustainability research into action (technical lead)	Technical aspects of corporate accounting for greenhouse gas emissions



# A quarter of the Fortune 500 Global are taking action, with a rapid increase in commitments following the Paris Agreement

Percentage of Fortune 500 Global companies with a public commitment that they are, or will be by 2030, carbon neutral, or meeting an RE100 or SBT target: 2005-2019



# Carbon neutrality is a key pillar of climate action: 50 (10% of) Fortune 500 Global companies have commitments



## Fortune 500 Global companies with a public commitment that they are, or will be, carbon neutral

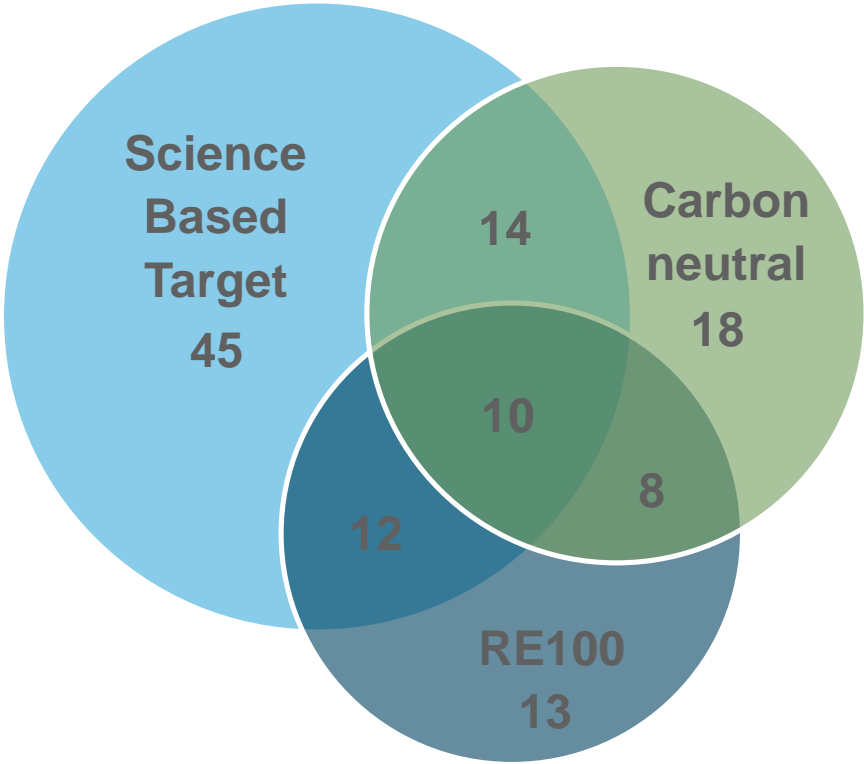
Carbon neutral today	By 2030	By 2050
Achmea Allianz Alphabet Australia & New Zealand Banking Group BNP Paribas Capital One Financial Credit Suisse Group Deutsche Bank Goldman Sachs Group ING Group La Poste MetLife Microsoft Munich Re Group National Australia Bank Swiss Re Tokio Marine Holdings Toronto-Dominion Bank Zurich Insurance Group	<b>2020</b>	<b>2035-2045</b>
	Bank of America Corp. Bosch Group L'Oréal	BT Group Daimler Verizon Communications
	<b>2022-2025</b>	<b>2050</b>
	Coop Group Morgan Stanley Novartis SAP	Centrica Danone Deutsche Post DHL Group Electricité de France Enel Fujitsu GlaxoSmithKline Iberdrola Maersk Group Panasonic Sony Tesco Toyota Motor Volkswagen
	<b>2030</b>	
	E.ON ENI LG Electronics Schneider Electric Siemens State Bank of India Unilever	



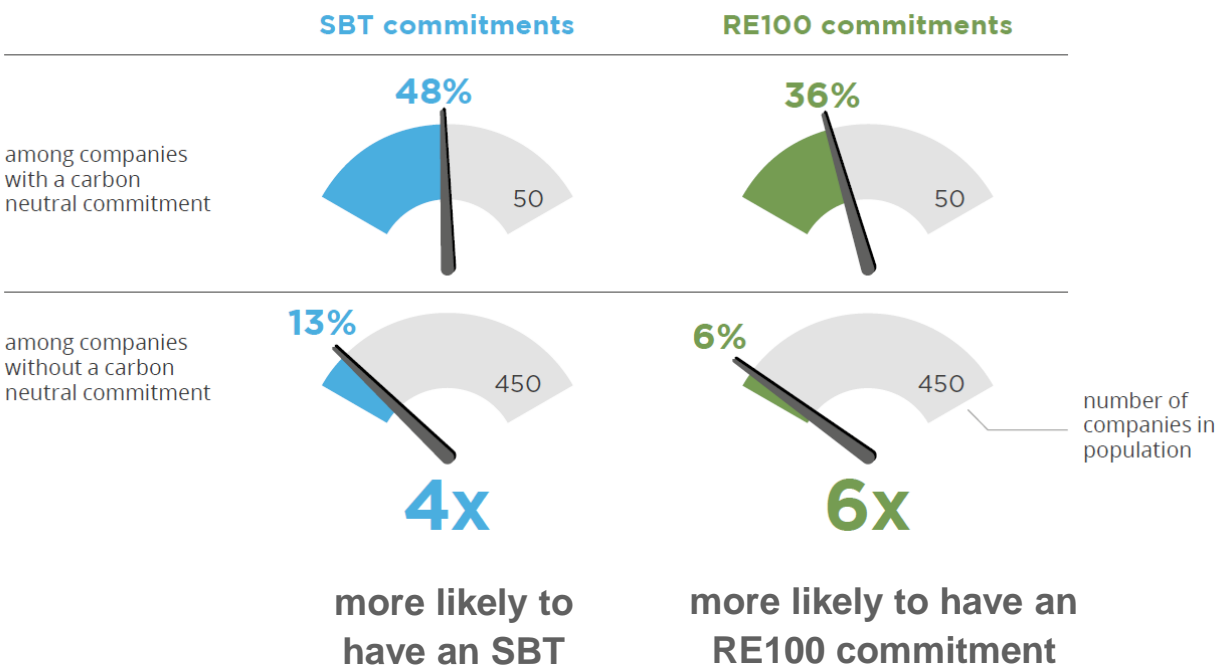
# Carbon neutrality is a key pillar of climate action, with corporates finding it complementary to SBTs and RE100



Correlation between Fortune 500 Global companies' public commitments that they are, or will be by 2050, carbon neutral, or meeting an RE100 or SBT target



Comparison between SBT and RE100 commitments among Fortune 500 Global companies with and without a carbon neutral commitment





# Conclusions



1. Voluntary action is scaling as a complement to compliance.
2. There is a strengthening correlation between the tactical value of neutrality and the transformational value of voluntary action.
3. ICROA's work validates the credibility of voluntary carbon offsetting under the Paris Agreement.
4. Carbon markets provide the critical component – an ability to compensate for unabated emissions and claim net-zero.
5. Article 6 is key to resolving questions about the interplay between voluntary action and raising ambition within and across NDCs.

Net-zero is not the end point – it is the inflection point at which an abundance of affordable solutions replaces risk with opportunity

