

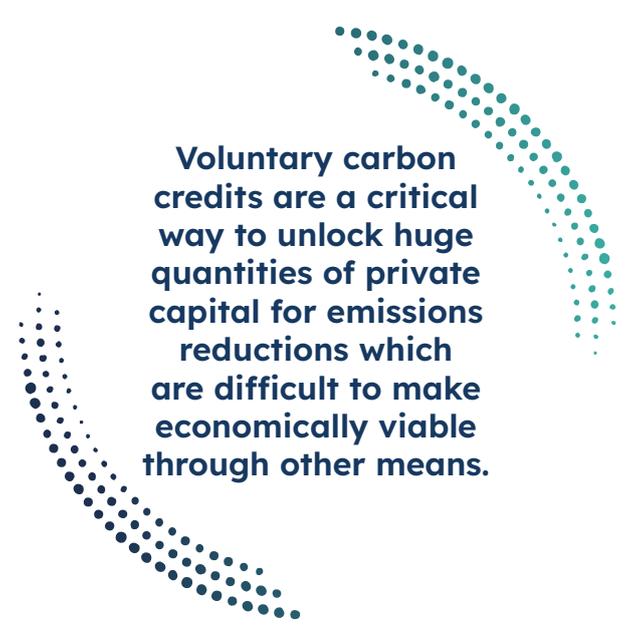


Respira

Why buy voluntary carbon credits

The world needs to reduce emissions fast to keep within 1.5°C. The science tells us we need to cut global emissions by 55% to be on a pathway to net zero by 2030¹ and reach net zero by 2050. Emissions reductions in companies' own supply chains are unlikely to be enough. Using voluntary carbon credits as part of a company's decarbonisation strategy in a strategic, credible way is an essential tool if we are to meet the Paris targets.

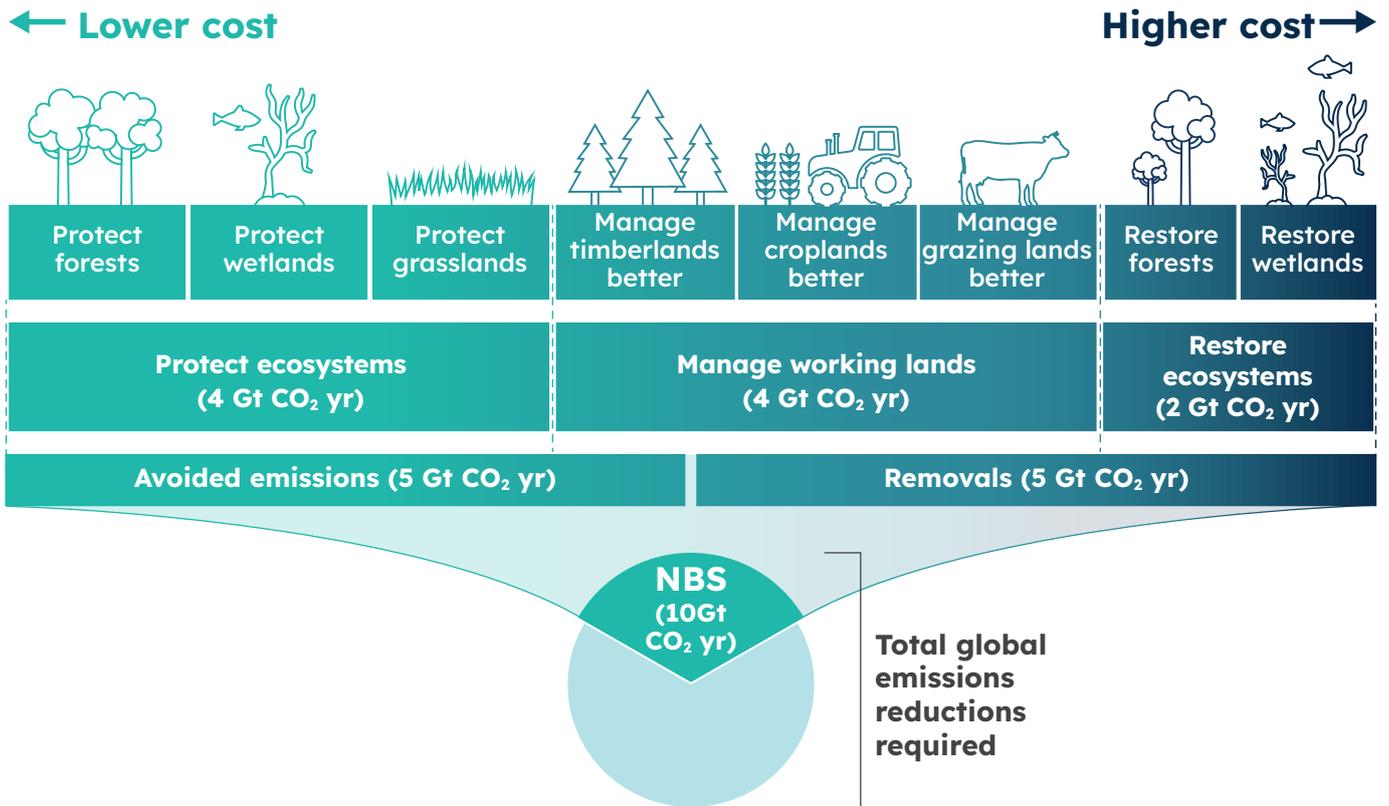
Nature-based solutions – or NBS – (protecting and restoring forests, grasslands and wetlands) are a particularly good example of this. They also drive north south investment and are materially more affordable than technological solutions such as direct air capture.



Voluntary carbon credits are a critical way to unlock huge quantities of private capital for emissions reductions which are difficult to make economically viable through other means.

1 <https://www.unep.org/resources/emissions-gap-report-2021>

Nature-based solutions to the climate crisis can provide up to one third of the emissions reductions required by 2030 ²



NBS are available now and can provide up to one third of the emissions reductions required by 2030. In addition, investing in nature provides immense benefits for biodiversity, water, clean air and crucially local livelihoods. We estimate that to achieve their potential requires at least \$300 billion annually by 2030, a similar amount to that invested in renewable energy in 2019 (\$280bn), but 100 times what was invested in NBS in the same year.³ Carbon credits are one of the most tangible, near-term ways to unlock this investment.

There are other project types which can benefit from the sale of carbon credits. In the short to medium term, these are technological solutions such as cookstoves, landfill gas, and off-grid renewable energy in least developed countries, and in the medium to long term carbon capture and storage (CCS) and direct air capture.

Ntakata mountains forest protection carbon project



Protects over **200,000 hectares** of high conservation forest in partnership with indigenous communities



> **1 million** tonnes of CO₂e emissions avoided to date



5 million trees have been kept standing



38,211 people directly benefit from the project and

63 people are employed in forest conservation activities

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² Data in infographic from Giraden et al., 2021, and adapted from nature.com/articles/d41586-021-01241-2

³ https://www.foodandlandusecoalition.org/wp-content/uploads/2020/12/FOLU_Nature-for-Net-Zero_Executive-Summary_.pdf

The role of high-quality carbon credits on the pathway to net zero

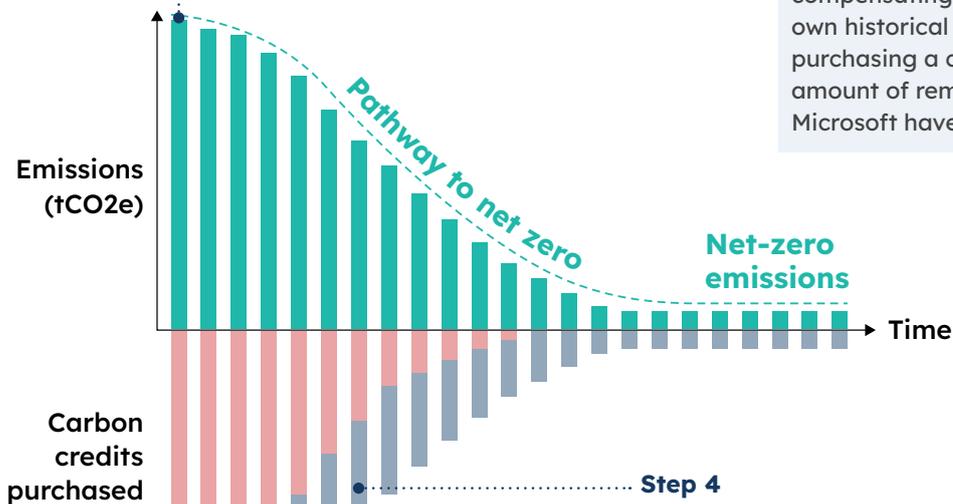
Step 1

Measure your emissions today and set a date by which a company would become 'net zero' (ideally well before 2050).

Step 2

Create a plan and set interim targets for a company's own emissions reductions along the way.

Bonus: Consider fully compensating for one's own historical emissions by purchasing a corresponding amount of removal credits. Microsoft have done this.



Step 3

In the near term, compensate for any residual emissions by purchasing a corresponding amount of high-quality voluntary **avoidance credits**.

Step 4

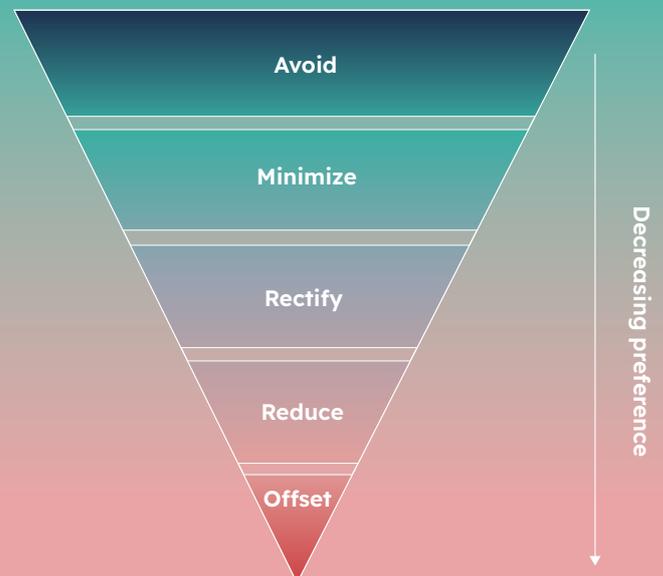
Gradually increase the amount of **removal credits** purchased. Net zero is achieved once emissions have been reduced as much as possible and a corresponding amount of removal credits are purchased.

Carbon credit use, done well

Carbon credits can only be legitimised if they are done well. In short this means matching high integrity demand with high quality supply:

- **High integrity demand**
 - Follows the mitigation hierarchy of avoid, reduce and offset
 - Carbon credits are a compliment to, not a distraction from emissions reductions in a company's scope 1, 2 and 3
- **High quality supply**
 - Certified by a leading third-party agency (eg Verra, Gold Standard)
 - Follow the principals of being real, measurable, additional, permanent, and conservative (i.e. have a buffer pool)

There are a number of initiatives currently underway, such as the Integrity Council for Voluntary Carbon Markets and the Voluntary Carbon Markets Integrity Initiative, put in place to ensure voluntary carbon market integrity for both buyers and sellers.



For projects on the ground, revenues from carbon:

- Provide life changing incomes to rural communities which transforms their natural assets (e.g. forests) into a revenue generating asset;
- Create a sustainable revenue stream which enables projects to plan with certainty into the future; and
- Transform the scale of investment into projects from the hundreds of thousands of dollars to the hundreds of millions. It moves corporate investment into nature from the small 'CSR' bucket into a much larger commodity transaction which a company wants and needs.

Buying voluntary carbon credits:

- Provides an engaging and impactful way to compensate for residual emissions whilst on the pathway to reducing internal emissions.
- Enables corporations to go beyond what they are mandated to do through regulation. Through integrated plans which combine value chain emissions reductions with appropriate use of carbon credits, corporations can aim to be 'climate positive' –setting a powerful and engaging example for others to follow;
- Creates direct connections for customers and employees with real projects on the ground which are changing lives and reversing nature loss; and
- Advances both climate and sustainability targets for corporates, tracked to SDGs.

