Scaling voluntary action across the private sector beyond 2020

Innovate4Climate
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The critical importance of private sector voluntary action

- Private sector finance through voluntary (as opposed to compliance) action can help close the ambition, finance and time gaps.

- Specifically, corporates showing climate leadership by voluntarily achieving carbon neutrality are financing immediate emission reductions in line with the recognized urgency of the global climate situation.

- Until adequate provisions are in place across all countries to deliver the goals of the Paris Agreement, there is a real need for this voluntary activity to fund mitigation that would not otherwise happen, and to assist countries to increase their mitigation efforts.

- To encourage voluntary action from the private sector, corporates must be able to demonstrate and communicate their commitment and impact to customers, investors and employees through claims of carbon neutrality; and, prepare themselves for effective economy wide regulation.
## Ensuring the integrity of voluntary action

| **Additionality** | • 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. |
| **Double counting** | • 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. |
| **Double claiming** | • 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. |
Voluntary carbon credit transfer post-2020

1. Voluntary carbon credit transfer

- Country A actual emissions: 10 > 9
- Country A reported emissions: 9

- Country B actual emissions: 10
- Country B reported emissions: 10

- Corporate actual emissions: 1
- Corporate reported emissions: 0

- Total actual country emissions: 19
- Total reported country emissions: 19
Conclusion

• When the Paris Climate Agreement comes into force on the 1st January 2021, voluntary action across the private sector to reduce emissions through carbon finance needs to play a continuing role to ensure the rapid transition to a stable climate.

• Compliance action is driven by national climate policies and regulation. Private sector voluntary action is driven by the appetite within entities for action ahead of and/or beyond compliance requirements.

• ICROA is engaging with the Standards, corporates and key market and civil society stakeholders to define the highest standards for voluntary action post-2020