



FESAM – ESG & Reporting Panel

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Carbon Offset Project Types



1

Real

2

Additional

3

Verifiable

4

Enforceable

5

Permanent

SOURCE: ECOSYSTEM MARKETPLACE: STATE OF THE VOLUNTARY MARKETS 2022 Q3

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Avoided Emissions vs. Removals

Avoided Emissions

Emissions reductions from activities that would otherwise release gasses into the atmosphere.

Examples:

- Landfill gas destruction
- Efficient cookstoves
- Energy efficiency and renewable energy
- Industrial gas mitigation
- Avoided conversion of ecosystems (forestry, grasslands etc)

Removals

Activities that “remove” or sequester carbon from greenhouse gases out of the atmosphere and permanently store it

Examples:

- Tree growth
- Regenerative agriculture (no till, cover crops)
- Direct air capture and sequestration

Voluntary Offset Standard/Registries

- Voluntary offset standards establish the "rules and regulations" for how these principles are implemented under each respective program.
 - **American Carbon Registry (ACR)**
 - **Climate Action Reserve (CAR)**
 - **Verra / Verified Carbon Standard (VCS)**
 - **Gold Standard**
- Each registry provides:
 - Project protocols that set the rules for eligibility, quantification, monitoring, reporting and verification of each project type.
 - Publicly available information to uniquely identify offset projects.
 - Serial numbers for each offset credit generated that includes information about which project the credit is from, when and how many credits were issued
- The registry also enables anyone check the status of an offset credit (i.e., whether a credit has been retired).

Principles of GHG Accounting:

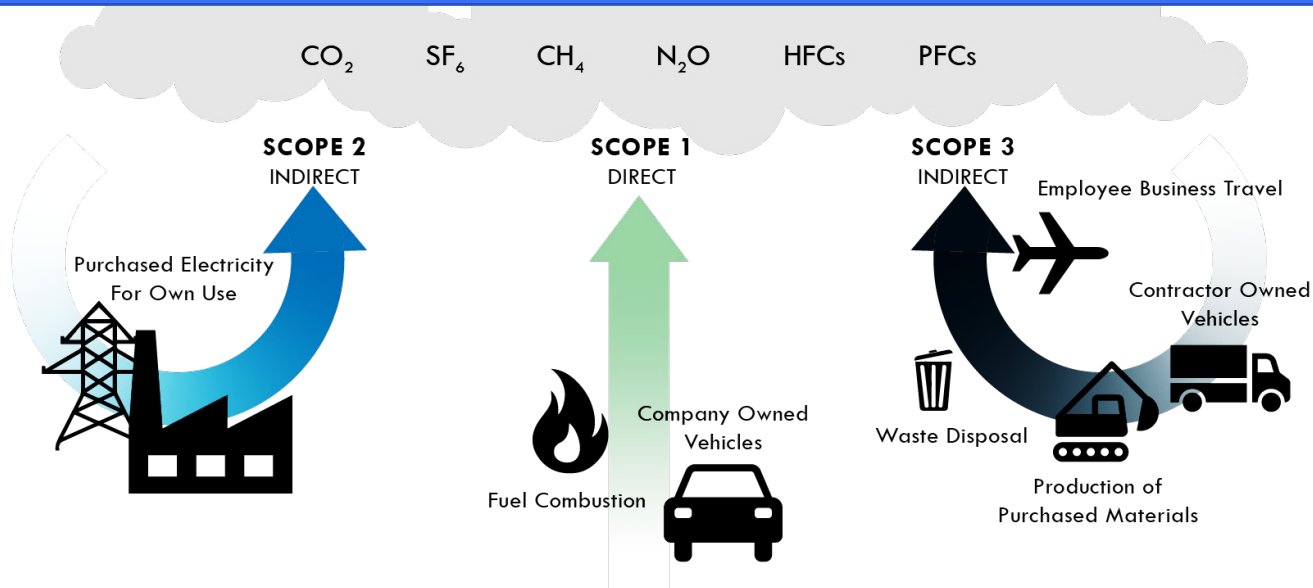
Step 1. Account for your Footprint

Step 2. Make emission reductions in your value chain.

RECs can directly reduce Scope 2 RNG can directly reduce Scope 1

Reduce what you can and invest or fund the rest

Step 3. Use Offsets to Compensate for Residual Emissions



SOURCE: WRI, "OPERATIONAL BOUNDARIES OF GHG EMISSIONS"

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Corporate Initiatives

Carbon Neutrality

- PAS2060, Carbon Neutral Protocol, Climate Neutral, and a host of other guidelines are used by industry
- Internal reductions are encouraged firstly
- Offsets, RECs, RTCs, and other instruments (with no limit on usage) can be used to reach neutrality

Net Zero

- Science-Based Targets Initiative (SBTi) has taken steps to set guidance
- Uses the Oxford Principles as a basis for the rules
- Focus is on internal reductions and for any reductions outside of fenceline, limited CO2 removal is allowed
- Near-term (5-10 year) targets consistent with 1.5 C; guidance on external reductions and claims to be issued by Q1 2023
- Long-term targets: 95% of Scope 1 & 2, and 90% of Scope 3 to zero emissions by 2050 with 2015+ as baseline year

Thank you

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