

Climate Neutral Group - Expectations from the Climate Summit in Madrid.

December 2nd, 2019

The two-week climate summit in Madrid, December 2nd -13th (COP25) will determine whether international Carbon Trade will be properly regulated and thereby contribute to the ambitions of Paris. Hence, next year countries are expected to bring their climate plans 'in line' with the Paris Agreement goals. It is the only chapter in the so-called "Paris Rulebook", about which there is still disagreement, so-called Article 6 in the Rulebook in Madrid, it is finally at the top of the Climate Summit agenda. International carbon trade can enable countries to achieve cost-effective CO₂ emission reductions. Studies show that global carbon trade doubles reductions at the same cost.

For Climate Neutral Group, Managing Director René Toet and Carbon Specialist Jos Cozijnsen will attend the summit. They will speak with delegates and politicians, companies and NGOs. Rules for international carbon trade for countries will determine if carbon reductions will be reported transparently by countries. How will countries report international transfer of credits to avoid double counting? Will new credits help the Paris goals? What is the role of the voluntary carbon market? And how will this impact supply and carbon prices?

We will also attend various meetings of ICROA, the International Carbon Reduction and Offsetting Alliance, from which we were one of the first members. With ICROA we set rules that will strengthen and accelerate the voluntary market for high quality offsetting via CO₂ reduction in the Least Developed Countries and thereby also improve the living conditions of the local population; urgent and necessary for a worldwide energy transition, in which every country take part in order to realize the goals of the Paris Agreement.

Climate Neutral Group supports companies to calculate and monitor the carbon footprint of their organization, from energy, mobility and business travel abroad; that includes the emissions from services and products in the complete supplychain. We help them to elaborate a strategy to bring their emissions On Track with the Paris Agreement: -50% in 2030 and zero emissions in 2050. For the remaining emissions we offer offsetting of the remaining CO₂ with high quality, CO₂ reduction projects. Companies can then claim the organization or a specific product is climate neutral. We serve the Dutch government and international corporates, banks, (financial) service providers, insurance companies, main ports, food & beverage industry and retailers. We are also partnering closely with the aviation and travel sector, leisure as well as business travel, in order to make also this sector more sustainable.

Our experience is that companies that choose for offsetting are also frontrunners in reducing their own carbon emissions. They have ambitious strategies on investing in reduction measures, employee involvement and the willingness standing out from the pack. We know how important it is for companies striving for climate neutrality with our Gold Standard or VCS certified projects. These projects do not only reduce CO₂ but also contribute to a better standard of living for the local population in the areas like health, employment and income, all important UN Sustainable Development Goals (SDGs). The reductions can come from the least developed countries, mostly around the equator: efficient cookstoves, borehole projects, landfillgas, forest conservation. Since this Autumn also a certified biogas project from The Netherlands that reduce methane from food waste and manure from pigs.



We intend to continue this kind of offsetting and will always heading for the best projects and actively support the development of new, innovative CO₂ and methane reduction projects.

For countries that have targets under the Paris Agreement, the Climate Summit needs to regulate that emission reductions are reported once by one country only, as they count only once for the climate, to prevent 'double-counting'. The summit also needs to decide what to do with remaining old, Kyoto-era carbon credits (so called Clean Development Mechanism, CDM), as they do not bring down the global emissions needed under the Paris Agreement. They need to be partly cancelled or transitioned into the new more ambitious Sustainable Development Mechanism.

From the Climate Summit Climate Neutral Group expects that countries agree to report the emissions and reductions and the international transfers in a transparent way and avoid double counting of the reductions.

René Toet, Managing Director Climate Neutral Group: 'Our clients wish to make impact to the climate, while financing sustainable CO₂ reduction projects for offsetting in addition to their own reduction strategy. With robust reporting they can also help countries that host these projects to meet their climate goals under the Paris Agreement: purpose and carbon market rules matter.'

Climate-Neutrality and the role of voluntary offsetting carbon emissions

Offsetting is in the spotlight. The climate is hot, the need for action is urgent, so that the demand for offsetting as a solution in addition to reducing avoidable emissions will increase. Provided the carbon credits meet our high-quality standards, they are important in the fight against climate change. Increase of demand will affect availability and price. Emitting will become costlier. This will lead on more action. Decisions on carbon market rules at this Summit will certainly help increase the quality of carbon trading and carbon credits and will help increase ambition.

More information

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Offsetting

Offsetting of CO₂, 'compensation', is reducing the emissions, hence carbon footprint, from your business, car or your vacation at another location through CO₂ reductions in another sector and often in other parts of the world. For example, by financing efficient cookstoves in Uganda, so there is less wood needed, thus less deforestation for cooking or there converting cow manure into biogas for cooking. Offsetting is done voluntarily, because you feel responsible for your climate impact. Do opt for offsetting via climate projects that are properly monitored and certified (such as Gold Standard or Verified Carbon Reductions).

Avoiding double counting

How does that work? Suppose country A more than meets its 2025 climate plan, while country B suffers from setbacks. B can purchase the surplus from A and thus meet its own obligations. Country A receives money that can be used for further innovation. A precondition for these Internationally Transferred Mitigation Outcomes (ITMOs) is that the CO₂ reduction sold in country A's CO₂ accounting is added back to the emissions. This prevents "double counting" of CO₂ reduction. This is easy to check if countries link their emissions trading systems: as happens in 2020 with the EU and Switzerland, and possibly later with New Zealand and California.

Gold Standard for Global Goals

Next year, more of our projects will be verified according to the new Gold Standard for Global Goals (GS4GG), in which the projects will be extensively tested for their contributions to the Sustainable Development Goals, in addition to compliance with SDG 13, climate. Gold Standard was originally set up to have extra benefits for the local population / community in addition to the climate benefits, through CO₂ reduction or avoidance. With GS4GG, Gold Standard reaches the next step by guaranteeing the claim on relevant additional SDGs.

Offsetting with National Carbon Credits

More clients want to become climate-neutral with additional projects from Dutch origin. Credits from the first Dutch project, a Biogas project, was recently certified according to VCS, are now available. Next projects we help develop under the newly Dutch CO₂ Market Program is methane reduction of dairy cattle with natural feed supplements and methane and CO₂ reductions with rewetting and extending salt marshes ('kwelders').