



WWF Framework Corporate Climate Strategies

Focus: Climate Finance with the
Contribution Approach

WIPO GREEN Symposium

Katrin Oswald, WWF Switzerland, 01.11.2023

Global warming and biodiversity loss 1970 – 2018

Global Goals



■ Major challenges
 ■ Significant challenges
 ■ Challenges remain
 ■ SDG achieved
↓ Decreasing
 → Stagnating
 ↗ Moderately improving
 ↑ On track or maintaining SDG achievement

Source: Authors' analysis



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Global Gaps



- Emission gap

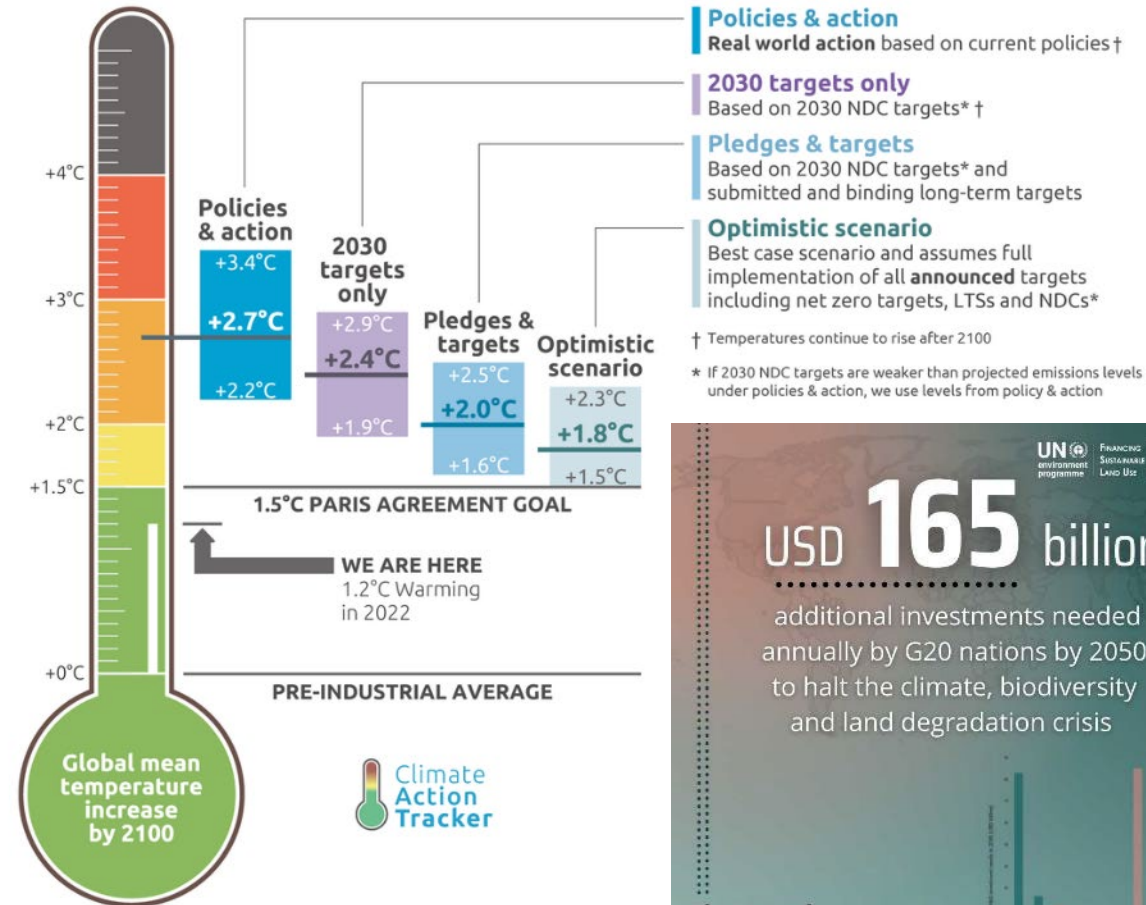
With current emission levels, the remaining carbon budget will be depleted in approx. 6 years.

- Ambition gap

Today's targets are far from being in line with the 1.5°C target.

- Finance gap

Massive - but in principle existing – financial contributions are necessary.



UN environment programme | FINANCING SUSTAINABLE Land Use | ELD THE FUTURE OF LAND RESTORATION | WORLD ECONOMIC FORUM

USD 165 billion

additional investments needed annually by G20 nations by 2050 to halt the climate, biodiversity and land degradation crisis

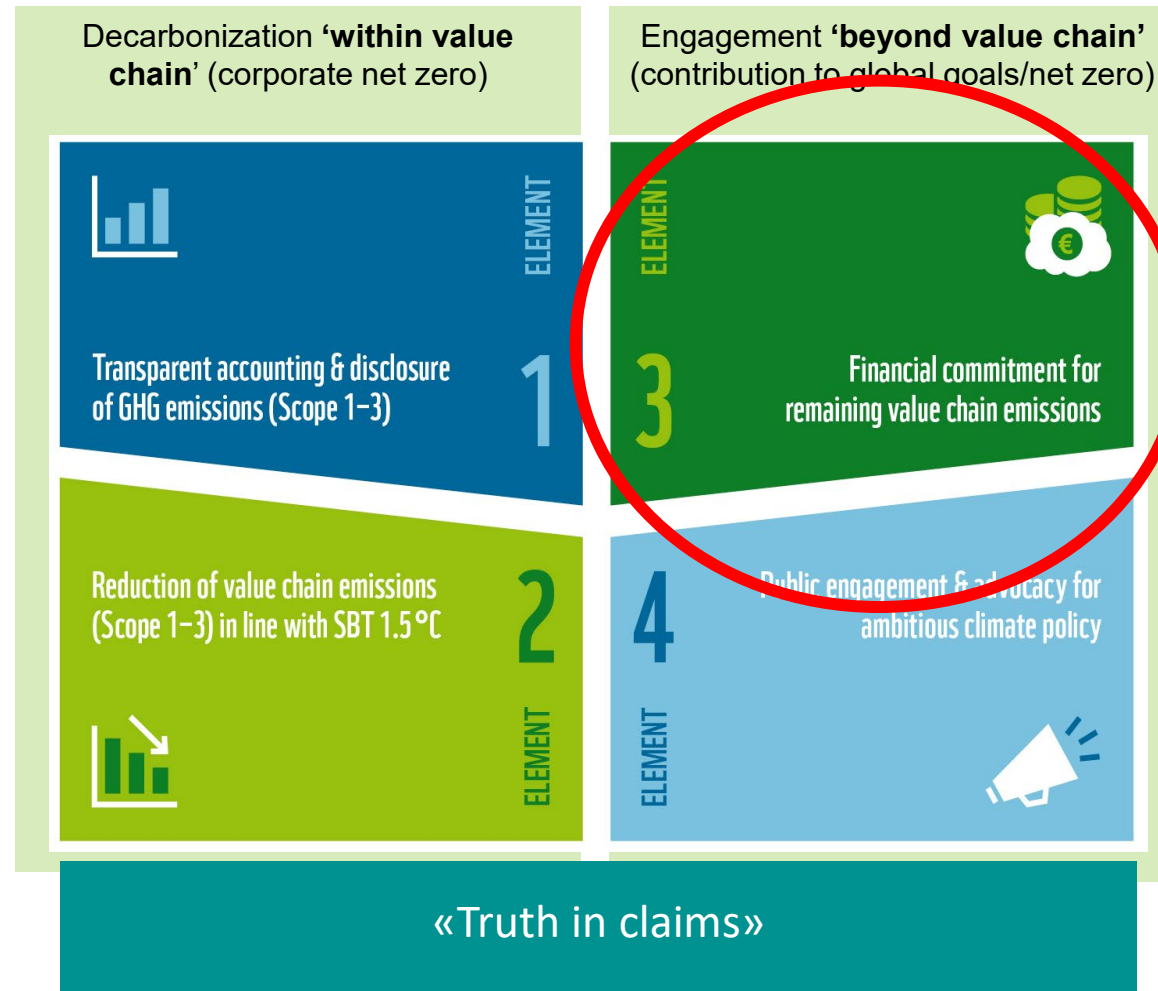
The State of Finance for Nature in the G20

Report Launch: 27 January 2022

WWF Framework: Credible and effective corporate climate strategy



- Greenhouse gas inventory including value chain (Scope 1-3)
 - Annual update and disclosure of inventory
 - Application of global standards (Greenhouse Gas Protocol, CDP)
-
- Science-based targets: reduction targets on a 1.5°C pathway (according to SBTi)
 - Roadmap: Planning and implementing of measures to achieve target(s)
 - External validation of progress



Transparent and honest communication

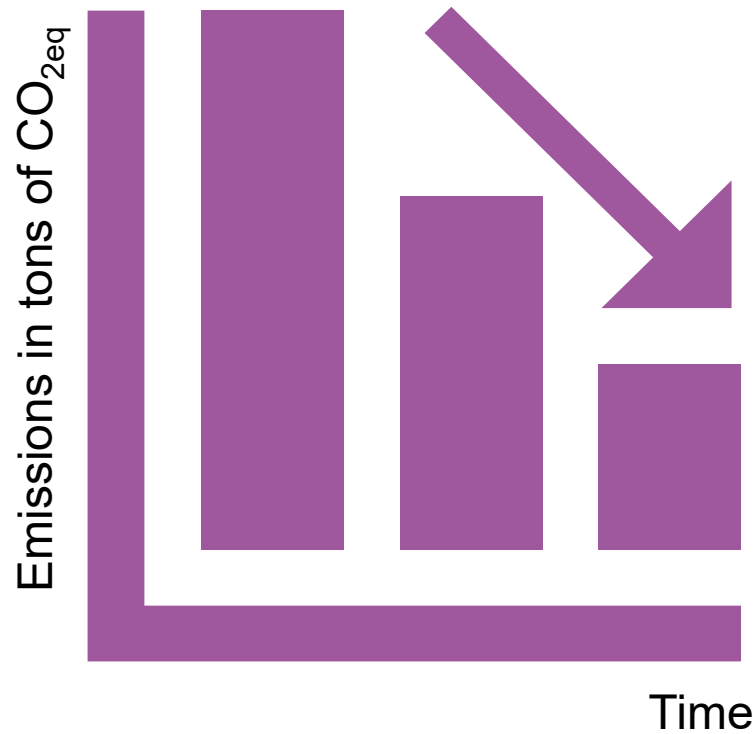
- Moving away from offsetting («ton-for-ton»)
 - Pricing of remaining emissions with the social costs of carbon
 - Investment of climate finance with holistic impact for people, nature and climate
-
- Mobilization of employees, suppliers, industry partners, customers, etc.
 - Effective advocacy program for progressive climate legislation
 - Withdrawal of support for climate-destructive activities

Climate Finance with the Contribution Approach

The successor model of CO₂ offsetting



Element 1 and 2



Reduction target and measures (Scopes 1-3)
1.5°C science-based reduction pathway

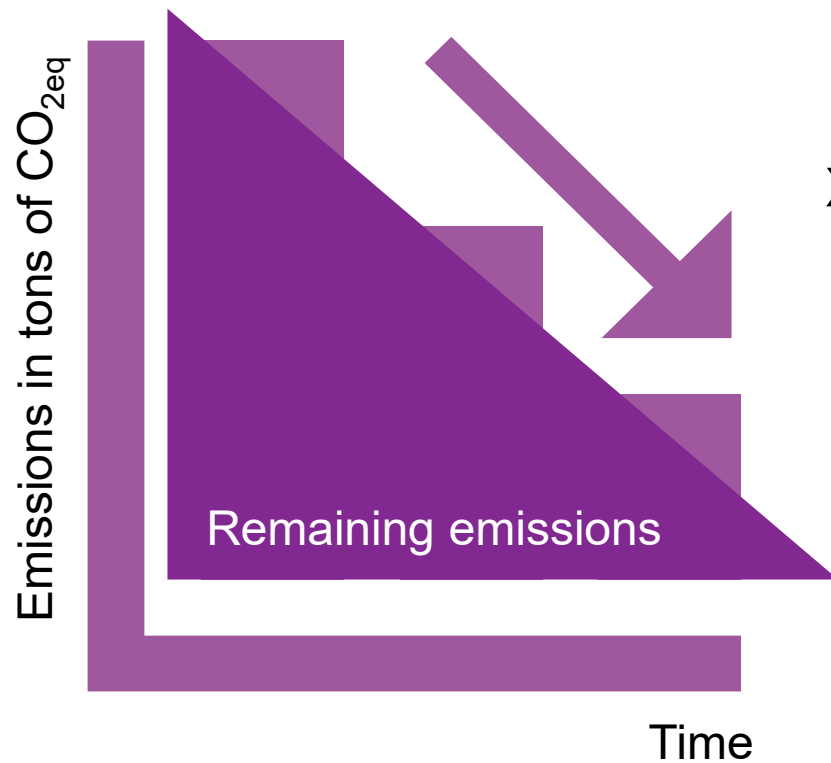
The diagram consists of two stacked, trapezoidal boxes. The top box is blue and labeled 'ELEMENT 1' on the right side. It contains a small bar chart icon with three bars of increasing height. The text inside reads 'Transparent accounting & disclosure of GHG emissions (Scope 1-3)'. The bottom box is green and labeled 'ELEMENT 2' on the right side. It contains a small bar chart icon with three bars of decreasing height and a downward-pointing arrow. The text inside reads 'Reduction of value chain emissions (Scope 1-3) in line with SBT 1.5°C'.

Climate Finance with the Contribution Approach

The successor model of CO₂ offsetting



Element 3



X social cost of carbon = **Climate Finance**

- **Internalization of social and environmental damage costs**
- **Incentives** are set correctly: **Promotion of emission reductions** in own value chain, incl. supplier engagement and support

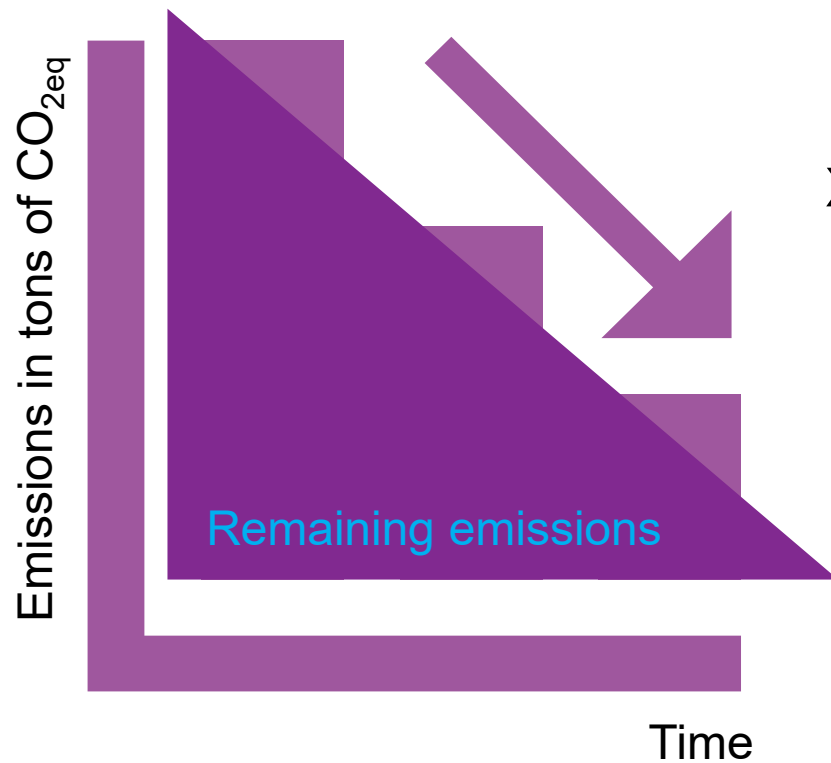


Climate Finance with the Contribution Approach

The successor model of CO₂ offsetting



Element 3



X social cost of carbon

= **Climate Finance**

Phase-in of residual emissions (e.g., initially only scopes 1 and 2) and CO₂ price possible.

The **aim** is:

- a CO₂ price in a magnitude of the damage cost of carbon
- the consideration of all residual emissions



Climate Finance with the Contribution Approach: BVCA with Contribution Claim

The successor model of CO₂ offsetting



Beyond Value Chain Action: Portfolio of measures to contribute to **global goals** (SDGs, global net zero) and **accelerate global transformation**, helping to close the ambition, emission and finance gaps

- Community-needs-based interventions with benefits for people, nature and climate (mitigation, resilience, adaptation), not narrow carbon focus
 - Landscape approach, multi-stakeholder governance
 - Human Rights and Environmental DD, incl. FPIC, input mechanisms
 - Just and equitable benefit sharing
 - Holistic criteria set to measure and transparently report benefits and challenges, well beyond CO₂ metric
 - Outcomes, incl. ER go to host country SDGs, NDCs
- Innovation
- Advocacy
- Purchase of CO₂ certificates as part of a climate finance portfolio possible
 - Certification can contribute to quality assurance, transparency
 - Certificates must be retired immediately, not used for offsetting and neutrality claims



Contribution Claim: I have contributed to...

Climate Finance with the Contribution Approach: Mindset-shift from ME to WE

The successor model of CO₂ offsetting



Kyoto 1997
(In effect from
16/2/2005)



Paris 2015
(In effect from
1/1/2021)

„Carbon neutrality“ of own

„Contribution“ to global goals and

operations

system transformation

Are we carbon neutral?

Are our actions aligned with and contributing to
global goals and global net-zero?

How can we **offset** our emissions?

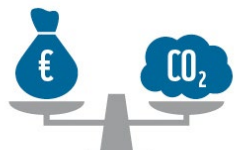
How can we **best contribute** to global goals and
system transformation, outside our own value chain?

What are the **cheapest** offsetting options?
(«race to the bottom»)

What interventions have the **greatest value and
impact** for advancing global goals and system
transformation? («race to the top»)



“Ton for Ton”-Finance



“Money for Ton”-Finance

Why contributing to climate finance beyond value chain?



Covid-19 Hit Supply Chains Hard. Climate Shocks May Hurt More

Companies aren't doing enough to map out risks from freak weather, say experts.



The EU could be about to take a giant step against carbon-neutral greenwashing

DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV Media network.

By Margaux Le Gallou · Nov 29, 2022 (updated: Nov 30, 2022)

Advertisement

Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows

Investigation into Verra carbon standards 'credits' and may worsen global heating

- **'Nowhere else to go': Alto Mayo, Peru row**
- **Greenwashing or a net zero necessity offsetting**
- **Carbon offsets flawed but we are in a**



The Alto Mayo protection forest in Moyobamba

Qatar 2022: Complaints filed over 'misleading' World Cup carbon neutral claims

By AFP · Updated: 02/11/2022



Solar panels stand on grounds in front of Khalifa International Stadium, which will host matches during the FIFA World Cup 2022, in Doha, Qatar, Saturday, Oct. 15, 2022. Copyright AP Photo/Harman El-Masry

- Preventing negative **business impact** by accelerating climate change and biodiversity loss and its worsening impacts
- **Climate leadership to scale effective climate finance** beyond cheap offsetting, inspiring best practice for other companies
- Taking **responsibility** for remaining emission on the way to corporate net zero
- Preventing company from **reputational and legal risks**
- Investment in **systemic solutions and transformational activities** lacking finance under current credit-focused VCM offers
- Opportunity for **customer engagement** and communication

What's happening at the moment?



- Companies turn away from compensation and neutrality claims

EasyJet to stop offsetting CO2 emissions from December

Airline unveils 'roadmap to net zero' strategy focusing on sustainable fuel and more efficient planes



EasyJet said it would no longer pay for carbon offsetting from December. Peter Nicholls/Reuters

EasyJet is to stop offsetting carbon emissions

12 Aug 2022, 11:58 Julian Wettengel

Shell signals retreat from carbon offsetting

Oil company is latest firm to act amid indications that carbon credits do nothing to mitigate global heating

Nestlé drops its 'carbon neutral' pledge and cancels carbon offsetting

CLIMATE CRISIS FOOD AND FARMING NET ZERO NEWS 29th June 2023 Ria Kakkad

Supermarket chain Rewe stops advertising own-brand products as "climate neutral"

#Climate & CO2 #Carbon market #Company climate claims



- New claims and offers are being developed



myclimate > Get Active > Corporate clients > Active climate protection with the myclimate Impact Label

A Paris-aligned corporate claim for Funding Climate Action

Active climate protection with the myclimate Impact Label

- It needs more than new claims and higher quality credits
- It needs new mechanisms & solutions and a mindset-shift

Where do we still have to go?



- Mindset-shift and action towards “money-for-ton” with the contribution approach
- Develop new offers, mechanisms and solutions for effective climate finance: holistic interventions, advocacy & innovation
- Define, continuously learn and improve how to implement, measure and transparently report these interventions
- How can we jointly develop, implement and scale such interventions?

Thank you for your attention



Recommended readings



The problems with the offsetting/compensation-system



- The **zero-sum game**: emissions saved in one place are emitted in another place.
- **Wrong incentives** through offsetting and neutrality claims: instead of reducing own emissions, certificates are purchased.
- **Quality problems**, e.g. due to race to the bottom of price:
 - **Baseline Inflation**: overestimated baselines generate far too many certificates (see e.g. [Guardian article](#))
 - **Leakage**: avoided emissions in one place lead to emissions in another place (e.g. deforestation happens somewhere else)
 - **Permanence**: CO₂-sequestration/reduction does not happen at the same time scale as emission. The emitted CO₂ stays in the atmosphere for about 1000 years, no project can guarantee these time scales. The sold carbon credit does not have the same currency as the emitted CO₂ (**Fungibility**).
 - **Additionality**: the project would have been realized anyway (e.g. renewable energy projects)
- Since Paris Agreement the risk of **double counting & claiming** comes on top: reduction is counted/claimed in the host country and from the buyer of the certificate.
 - 'Corresponding adjustments' only solve the problem to a limited extent as they do not provide an incentive for countries to set ambitious targets (NDCs).



Die Probleme mit der Kompensation...



- **Anreizsystem** (Kompensation statt Reduktion, Neutralitätsclaim als Ziel)
- **Qualitätsprobleme**, welche durch Anreizsystem verstärkt werden (race to the bottom)
- **Pariser Vereinbarung** (Zielsetzungen, Gefahr Doppelzählung/claiming)

Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows

Investigation into Verra carbon standard finds most are 'phantom credits' and may worsen global heating

- 'Nowhere else to go': Alto Mayo, Peru, at centre of conservation row
- Greenwashing or a net zero necessity? Scientists on carbon offsetting
- Carbon offsets flawed but we are in a climate emergency

Klimaneutral Ski fahren im noblen St. Moritz?

Das Versprechen der Bergbahnen klingt gut. «Ein eklatanter Fall von Greenwashing», sagt der Forscher. Wer in den Skiferien wirklich das Klima schonen will, muss das Auto zu Hause lassen.

Joachim Lauenmann, Felix Scheid (Karikatur)
Publiziert: 08.12.2022, 05:48



Environment Litigation Climate Change Litigation Energy

3 minute read · March 3, 2022 1:35 AM GMT+1 · Last Updated a year ago

Environmental groups sue TotalEnergies over climate marketing claims

By Simon Jessop, Gloria Dickie and Benjamin Mallet



ZEITUNG

Klimalab

Ein Strauß leerer Versprechen

Wie seriös sind Labels, die Firmen für klimaneutral erklären? ZEIT-Reporterinnen haben zum Schein einen Blumenladen gegründet und Anbieter auf die Probe gestellt. Ein Report vom Markt der grünen Illusionen

Wie schaffen wir es weiterhin Klimaschutz beyond value chain zu finanzieren... ... und gleichzeitig dieser (berechtigten) Kritik zu begegnen?



Increasing alignment of civil society



CAN International Position on Carbon Offsetting

October 2022

Climate Action Network (CAN) is a global network of more than 1,800 civil society organisations in over 130 countries driving collective and sustainable action to fight the climate crisis and to achieve social and racial justice. CAN convenes and coordinates civil society at the UN climate talks and other international fora.

Humanity will not limit global warming to 1.5°C without dramatically reducing emissions from burning fossil fuels and land-use change. Whilst CAN strongly advocate financing for climate action, including for the protection and restoration of carbon-rich and biodiverse ecosystems, **CAN rejects the practice of offsetting to tackle the climate crisis. We reject public, governmental and corporate offsetting. There are far better and more valid alternatives for protecting biodiversity than offsetting. These include effective regulations, contributions, donations, protection of the rights of indigenous communities, and other means.**

A broad coalition of over 170 NGOs, advocacy groups, and grassroots organizations spanning the globe released a [statement](#) opposing the usage of carbon offset programs, declaring that carbon offset programs are false solutions that will not solve the climate crisis:

PRESS RELEASE

Statement: Offsets Don't Stop Climate Change

October 6, 2021 | Statement

Amazon Watch and 170+ other organizations

For more information, contact:

+1.510.281.9020 or presslist@amazonwatch.org

[View with footnotes](#)

Translations: [Español](#) | [Português](#) | [Bahasa Indonesia](#) | [Française](#)

Climate-driven wildfires, flooding, droughts and other extreme weather events daily impact every corner of the globe.

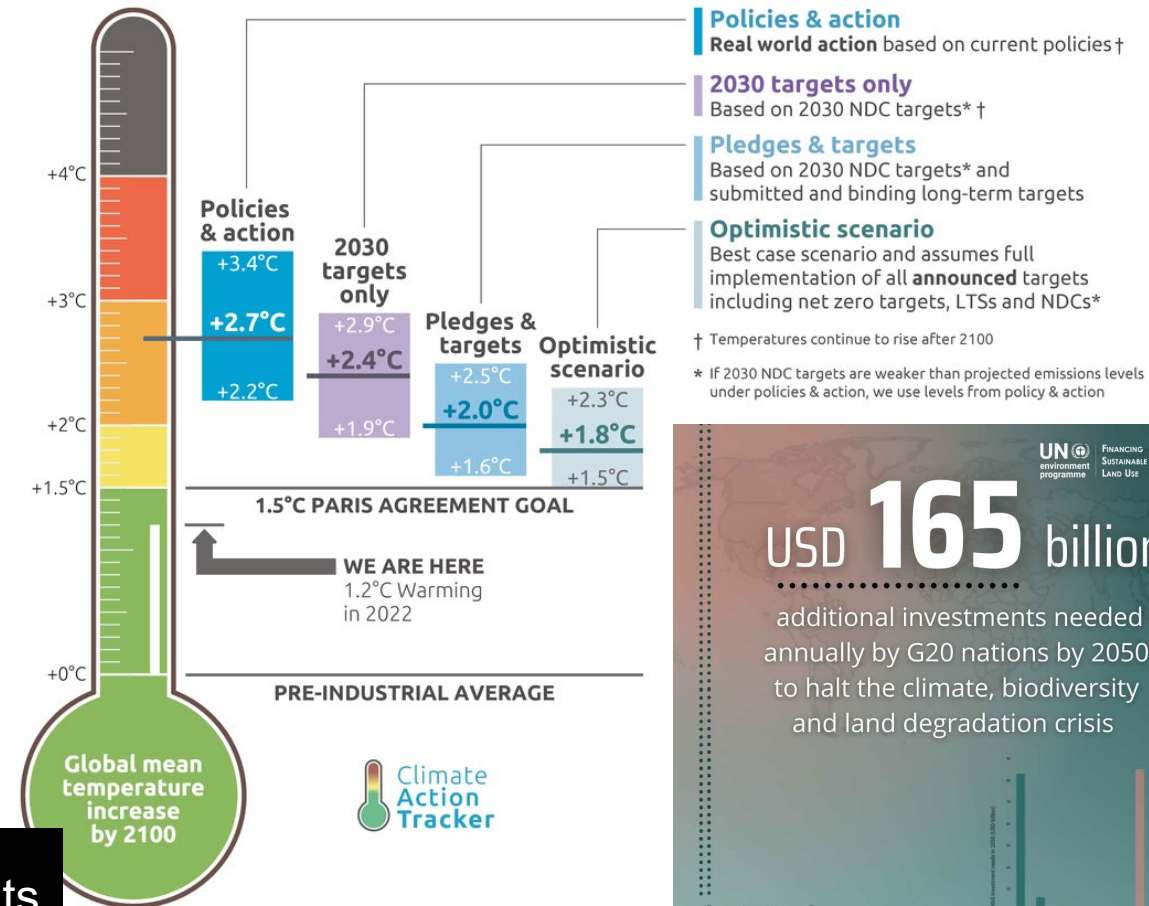
Yet the fossil fuel industry, big utilities, big agriculture, big finance — and their political allies — are pushing carbon offset schemes to allow them to continue releasing the greenhouse gases driving the climate crisis, harming Indigenous, Black, and other already-marginalized communities, and undermining sustainable farming and forestry practices.

The science is clear: we need to rapidly phase out fossil fuels and emissions-intensive agricultural practices like factory farming, while protecting forests, wetlands, and other natural carbon sinks. Every delay means greater impacts on our climate and more pollution in historically overburdened communities.

To summarize



- The compensation market is broken and subject to increasing criticism.
 - Financing climate protection or nature conservation is still important and urgently needed.
 - Companies and private individuals can contribute to closing the existing financing gap.
- How to continue to support voluntary and additional climate protection and at the same time create a shift away from offsetting?



Policies & action
Real world action based on current policies †

2030 targets only
Based on 2030 NDC targets* †

Pledges & targets
Based on 2030 NDC targets* and submitted and binding long-term targets

Optimistic scenario
Best case scenario and assumes full implementation of all announced targets including net zero targets, LTSs and NDCs*

† Temperatures continue to rise after 2100

* If 2030 NDC targets are weaker than projected emissions levels under policies & action, we use levels from policy & action

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