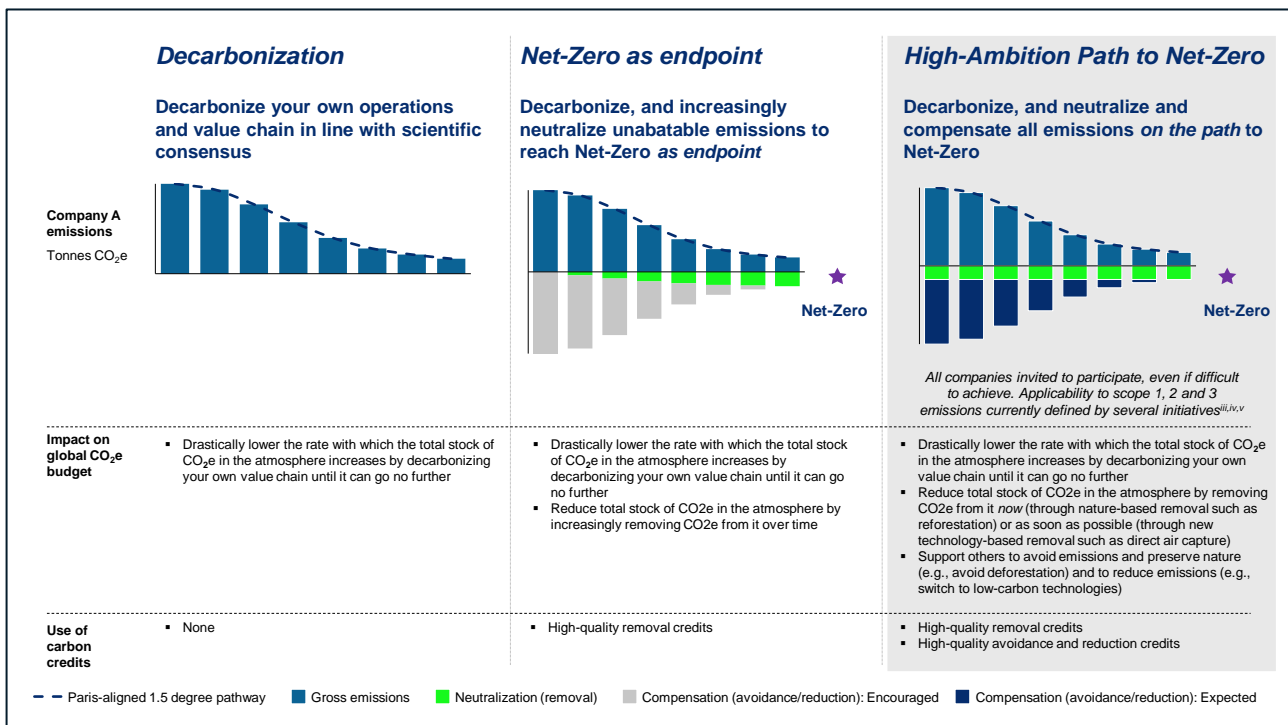


Calling for a High Ambition Path to Net-Zero

We believe that we have a truly historic opportunity to contribute to a world aligned with the Paris Agreement. To limit global warming to 1.5°C, companies are increasingly committing to decarbonize their own operations and value chains in line with scientific consensus. Further, to reach “net-zero” by 2050 or earlier, companies are committing to increasingly neutralize unabatable emissions through permanent carbon removals.

We believe this is not enough. To keep the total stock of CO₂e in the atmosphere below a critical threshold, and therefore limit global warming to 1.5°C, our aspiration is that companies not only aim for “net-zero” as an endpoint. Ideally, on top of decarbonizing their own operations and value chains in line with scientific consensus, companies also compensateⁱ and neutralizeⁱⁱ their emissions “on the path to net-zero”. By encouraging the protection and restoration of natural carbon sinks, and the financing of new removal and reduction technologies, we can keep within our carbon budget and positively impact local communities in emerging markets and developing countries. We call for high ambition companies to go above and beyond plans that regard net-zero only as an endpoint. We call this the “High Ambition Path to Net-Zero”.



To make sure companies commit to this “High Ambition Path to Net-Zero”, they should be recognized for it. Hence we need a more ambitious definition of what it means to be “on the path to net-zero”: In addition to corporates’ primary obligation to decarbonize, additional compensation and neutralization measures should be recognized. We are therefore encouraged by efforts focusing on this matter, such as those by the SBTiⁱⁱⁱ, ISO^{iv} and VCMII^v, which lie outside of the TSVCM’s^{vi} mandate.

To enable this higher level of corporate commitment, and precisely to prevent “greenwashing”, we aim to mobilize a high quality, high integrity market for carbon credits with clear differentiation between neutralization (removal credits) and compensation (avoidance/reduction credits). We also underscore that the only carbon credits that have a role to play in mitigating climate change – be that through the removal, avoidance or reduction of emissions – are those of high quality. For instance, they need to be

“additional” (i.e., have measurable emissions reduction impact that would not have occurred in the absence of carbon credits), and there should be recognition of benefits for local economies and communities. To ensure such high integrity and quality for all carbon credits, the TSVCM is developing Core Carbon Principles (CCPs) that will be finalized and curated by a Global Governance Body. The TSVCM aims for this governance body, which will oversee voluntary carbon markets globally, to be established as soon as possible.

We share our views in our personal capacity, because we feel it is important to do so. Our views are supported by most TSVCM members, but not all.

Signatories

- **Tim Adams** (President and CEO, Institute of International Finance)
- **Mark Carney** (UN Special Envoy for Climate Action and Finance)
- **Annette Nazareth** (Senior Counsel at Davis Polk and former Commissioner of the U.S. SEC)
- **Lord Nicholas Stern** (Chair of the Grantham Research Institute on Climate Change, LSE)
- **Günther Thallinger** (Chair, UN-convened Net Zero Asset Owner Alliance)
- **Bill Winters** (Group CEO, Standard Chartered)

ⁱ Compensation measures include supporting the avoidance of further emissions (e.g., preserving natural carbon sinks such as forests), and helping others reduce emissions via new technologies that are less carbon intense.

ⁱⁱ Neutralization measures remove CO₂e from the atmosphere via nature-based (e.g., reforestation) and technology-based (e.g., direct air capture) sequestration.

ⁱⁱⁱ Science Based Targets initiative (SBTi)

^{iv} International Organization for Standardization (ISO)

^v Voluntary Carbon Markets Integrity Initiative (VCMII)

^{vi} Taskforce on Scaling Voluntary Carbon Markets (TSVCM)