



# **#NORDIC DIALOGUE**

***on Voluntary Compensation***

## Launch of public consultation

Draft Nordic Code of Best Practice  
for Voluntary Compensation of Greenhouse Gas Emissions



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# Housekeeping



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This event is recorded



The recording will be available on our website after the event:  
<https://nordicdialogue.com/events/>

# Today's agenda

- Welcoming remarks
- Getting to know you
- The Nordic Dialogue on Voluntary Compensation: Progress to date and next steps
- Introduction to the draft Nordic Code of Best Practice for Voluntary Compensation of Greenhouse Gas Emissions
- Comments by Nordic stakeholders
- Questions and answers
- Closing remarks





# **#NORDIC DIALOGUE**

*on Voluntary Compensation*

## Welcoming remarks

Sara Berggren, Nordic Council of Ministers



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# Our vision 2030

## A **green** Nordic region

Together, we will promote a green transition of our societies and work towards carbon neutrality and a sustainable circular and bio-based economy.

## A **competitive** Nordic region

Together, we will promote green growth in the Nordic region based on knowledge, innovation, mobility and digital integration.



**The Nordic  
region will  
become the most  
sustainable and  
integrated region  
in the world**

## A **socially sustainable** Nordic region

Together, we will promote an inclusive, equal and interconnected region with shared values and strengthened cultural exchange and welfare.



# A Green Nordic Region

1. **Carbon neutrality**
2. Biodiversity
3. Circular and bio-based economy
4. Sustainable consumption
5. **International co-operation on the environment and climate**



# Declaration on carbon neutrality

- Decision by Nordic Prime Ministers and the Ministers of Environment, January 2019
- Nordic countries commit themselves to catalyzing global mitigation efforts to limit the increase in the global average temperature to 1.5°C and intensifying the Nordic cooperation in order to **encourage Nordic companies, investors, local governments, cities, organizations and consumers to step up their efforts towards carbon neutrality.**
- Report: Roads towards carbon neutrality , published 2020
- Recommends the development of platforms , exchange of knowledge and best practices



# The role of NKL

**Mandate:** help reduce emissions of **greenhouse gases and air pollution**. Seek synergies between initiatives related to climate and air.

**Main focus areas 2022 (climate):**  
Strengthening ambitious climate action in the implementation of the Paris agreement and EU Fit for 55 - focusing on financing mechanisms, carbon markets, **voluntary compensation by businesses**, sector specific transition and the important role of local governments for reaching the goal of carbon neutrality.



Find out more at  
[norden.org](https://norden.org)

[#vision2030](#)



# Poll: Getting to know you





# **#NORDIC DIALOGUE** *on Voluntary Compensation*

## Nordic Dialogue on Voluntary Compensation: Progress to date and next steps

Hanna-Mari Ahonen, Perspectives Climate Research



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Working Group for Climate and Air (NKL)  
Working Group for Environment and Economy (NME)



CARBON LIMITS



# Goals

The **Nordic Dialogue on Voluntary Compensation** aims to inform Nordic and international stakeholders on using **voluntary compensation** of greenhouse gas emissions as part of broader efforts **towards and beyond carbon neutrality**.

**Specifically, the Nordic Dialogue on Voluntary Compensation aims to:**

- ▶ Promote the **high integrity, harmonisation and transparency** of voluntary compensation, and alignment with the **Paris Agreement** and the **United Nations Sustainable Development Goals**
- ▶ Bring together **Nordic public and private stakeholders** to:
  - Foster a **common understanding** of key issues and concepts
  - Co-create recommendations and action points for a **Nordic best practice approach**
- ▶ Draw on, complement and coordinate with relevant **national and international developments**

# Progress to date and next steps

## Foster a common understanding of key issues and concepts

- Survey and consultations with Nordic stakeholders and experts
- Report on international guidance and initiatives, including glossary
- Events, newsletter and blog posts
- Cooperation with international stakeholders, e.g. Voluntary Carbon Market Integrity Initiative

## Co-create recommendations and action points for a Nordic best practice approach

- Draft Nordic Code of Best Practice developed in cooperation with our Working Group
- Public consultation on draft Code (8 June – 8 August 2022)
- Targeted consultations with Nordic and international stakeholders and experts (Q3-Q4 2022)
- Publication of the final Code and an action plan on opportunities for further Nordic cooperation on voluntary compensation (Q4 2022)

# Public consultation

## Nordic stakeholders and experts are invited to provide feedback on the draft Code

- Public consultation open from 8 June to 8 August 2022
- Draft Code and online questionnaire available on the Dialogue's website
- Additional input can also be sent via email [info \(at\) nordicdialogue.com](mailto:info@nordicdialogue.com)
- Feedback from the consultation will be taken into account in finalising the Code and an action plan. A summary of the received feedback will be published.

<https://nordicdialogue.com/public-consultation/>



**#NORDIC  
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Introduction to the  
draft Nordic Code of Best Practice for  
Voluntary Compensation of  
Greenhouse Gas Emissions

Kenneth Möllersten, IVL



# Introduction

The draft Code provides a Nordic perspective on the current best practice for voluntary compensation

- Synthesis of the *most ambitious* requirements and recommendations for voluntary compensation put forward *by relevant initiatives* as well as *inputs from Nordic stakeholders*

The draft Code is a result of a co-creation process and all aspects are open for comments

- Co-created by the *Dialogue's team* and *Working Group*
- Takes into account inputs gathered *between June 2021 and May 2022*
- Draws on and complements relevant *national* and *international guidance and standards*

The draft Code does not represent any formal Nordic consensus or position.



# Structure of draft Code

1. Introduction

2. Requirements and Recommendations

2.1 Robust and comprehensive quantification of relevant emissions

2.2 Reducing emissions consistently with a 1.5°C-aligned pathway

2.3 Voluntary compensation with high-integrity mitigation outcomes

2.4 Reporting of emissions, mitigation action and voluntary compensation

2.5 Ensuring the integrity of claims

2.6 Applying good marketing practices

Annex A: Glossary of key terms and concepts

Annex B: Mitigation Outcome Criteria

Annex C: Carbon Crediting Programme Criteria

Annex D: Carbon Registry Criteria



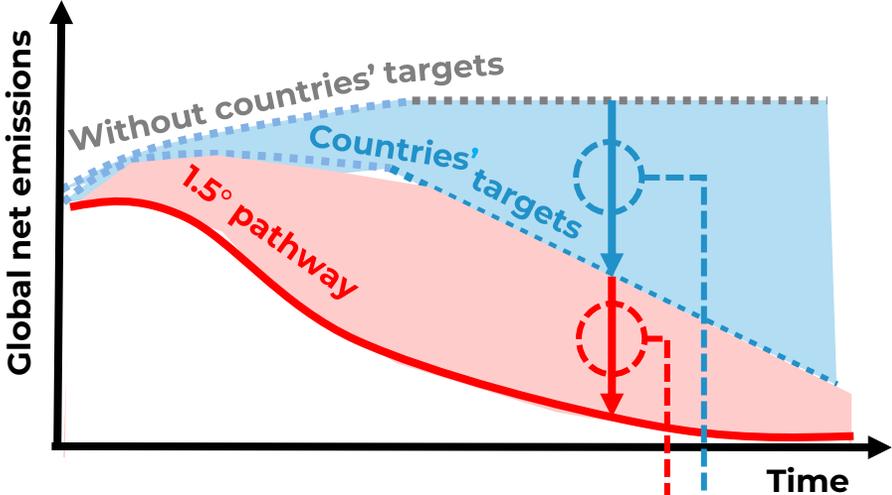
# Voluntary compensation

- Currently no universal definition for voluntary compensation.
  - Traditionally, compensation has been used as a synonym for offsetting.
  - The draft Code uses a broader definition.
- In the draft Code, voluntary compensation refers to ***voluntarily supporting mitigation (emission reductions and/or removals) through the purchase and use of mitigation outcomes achieved outside of an actor's boundaries or value chain.***
- This mitigation could:
  - help the host country in meeting its existing targets; or
  - help to reduce global net emissions and contribute to global ambition-raising above and beyond countries' existing targets
- The draft Code differentiates claims relating to voluntary compensation between three uses:
  - National mitigation contribution
  - Counterbalancing specific emissions (offsetting)
  - Overall mitigation in global emissions



**AMBITION GAP**

Mitigation needed to meet countries' targets and the 1.5-degree pathway



**PURPOSE**  
Use of voluntary compensation above and beyond action to reduce direct and indirect emissions consistent with a 1.5-degree pathway

Counterbalancing the climate impact of specific emissions

Supporting mitigation without counterbalancing specific emissions

<b>CLAIM</b>	
	National mitigation contribution
Offsetting specific emissions	Overall mitigation in global emissions

**CLIMATE IMPACT**  
Relationship between voluntary compensation and countries' mitigation targets

Voluntary compensation supports mitigation that helps countries to meet existing targets

Voluntary compensation supports mitigation above and beyond existing targets

# Best practice requirements

## Quantification of relevant emissions

Robust and comprehensive quantification of direct and indirect emissions with recognised standards and tools and third-party verification

## Reduction in own emissions in line with a 1.5°C-aligned pathway

Setting and implement targets, pathways and plans for reducing direct and indirect emissions consistent with a 1.5°C-aligned pathway with available tools and standards, and third-party verification

## Voluntary compensation with high-integrity mitigation outcomes

Using high-integrity carbon credits, carbon crediting programmes and carbon registries that meet the Code's criteria to complement – not to substitute – action to reduce own emissions

## Reporting of emissions, mitigation action and voluntary compensation

Publicly reporting direct and indirect emissions, targets, pathways, plans and progress, as well as details of the use of voluntary compensation, with third-party verification of key information

## Ensuring the integrity of claims

Making truthful, accurate, substantiated and verifiable claims about voluntary compensation that avoid double claiming

## Applying good marketing practices

Disclosing underlying information in connection with a claim (if possible) and complying with relevant supranational and national guidance

# Robust and comprehensive quantification of relevant emissions

- 1) Actors shall ***calculate the relevant direct and indirect emissions*** (e.g., a company's indirect and direct emissions, a product's lifecycle emissions) in accordance with recognised tools or guidance that are relevant to the intended use.
- 2) Organisations shall ***transparently*** describe the approach and results of the quantification of the relevant emissions.
- 3) Organisations shall have the quantification of their relevant emissions ***verified by a competent third-party entity***.

# Reducing emissions consistently with a 1.5°C-aligned pathway

- 4) Actors shall take action to ***mitigate their direct and indirect emissions***, striving to be consistent with the global goal to limit the increase in the global average temperature to 1.5 degrees.
- 5) Organisations shall carry out a ***comprehensive assessment of opportunities to mitigate*** their direct and indirect emissions, ***set targets and pathways and develop and implement plans for reducing the direct and indirect emissions in the short, medium and long term, in line with a 1.5°C-aligned pathway.***
- 6) Organisations shall apply ***recognised tools, guidance and/or standards***, if available, ***to demonstrate that their targets, pathways, plans and progress are aligned with a 1.5°C-aligned pathway.***
- 7) Organisations shall have the targets and progress referred to in paragraph (6) ***verified by a competent third-party entity.***

# Voluntary compensation with high-integrity mitigation outcomes

- 8) Actors shall use high-integrity mitigation outcomes that meet the ***Mitigation Outcome Criteria*** (see Annex B) for voluntary compensation.
- 9) Actors shall ensure that mitigation outcomes meet the Mitigation Outcome Criteria by applying a ***carbon crediting programme or an equivalent framework that meets the Carbon Crediting Programme Criteria*** (see Annex C). A competent third-party entity shall verify that the mitigation outcome meets the Mitigation Outcome Criteria. Such mitigation outcomes are hereafter referred to as ***High-Integrity Carbon Credits***.
- 10) Actors shall ensure that High-Integrity Carbon Credits used for voluntary compensation are ***retired, cancelled or otherwise permanently removed from circulation in a carbon registry that meets the Carbon Registry Criteria*** (see Annex D). Retirement, cancellation or permanent removal from circulation is hereafter referred to as the use of High-Integrity Carbon Credits.

# Voluntary compensation with high-integrity mitigation outcomes

- 11) Actors are ***encouraged to promote sustainable development co-benefits through voluntary compensation***, using recognised tools to assess, monitor and report sustainable development impacts. Verification of sustainable development impacts by a competent third-party entity is also encouraged.
- 12) Actors are ***encouraged to use High-Integrity Carbon Credits that are associated with the delivery of assistance to developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation***, in line with relevant decisions on Article 6 of the Paris Agreement.
- 13) Actors are ***encouraged to use High-Integrity Carbon Credits that are associated with the delivery of overall mitigation in global emissions***, in line with relevant decisions on Article 6 of the Paris Agreement.

# Reporting of emissions, mitigation action and voluntary compensation

- 14) Organisations ***shall publicly report on their direct and indirect emissions (including emissions to be voluntarily compensated), mitigation targets, pathways and plans, annual changes in their direct and indirect emissions, action and progress towards targets and pathways, and the use of voluntary compensation, including detailed information on the mitigation outcomes used***, in a transparent and consistent manner ***at least on an annual basis***. The reported information shall be ***verified by a competent third-party entity***.
- 15) Organisations are ***encouraged to report on the role of voluntary compensation in their broader mitigation plans*** and provide information on the organisation's broader climate and sustainability targets and activities, as well as ***experiences and lessons learned***.
- 16) Organisations are ***encouraged to provide financial information on their mitigation actions***, including any internal carbon price and support for mitigation and sustainable development within their boundaries or value chain, as well as support provided for mitigation and sustainable development beyond the organisation's boundaries or value chain through voluntary compensation and any other forms of support, including support for 1.5°C-aligned climate policy.

# Ensuring the integrity of claims

- 17) Any claims relating to mitigation of own emissions and voluntary compensation ***shall be true and accurate***; clear and relevant to their target audience; substantiated with objective, transparent, up-to-date and publicly available data; avoid overstating the beneficial environmental impacts of the activities; avoid creating a false impression or hiding trade-offs; refer to voluntary actions or achievements that go beyond complying with existing legislation or standard business practice; and avoid double-claiming.
- 18) Organisations ***shall only make claims about using High-Integrity Carbon Credits to complement progress towards targets and pathways referred to in paragraph (5)***. Organisations shall not use High-Integrity Carbon Credits to claim progress towards these targets and pathways.
- 19) ***Claims about offsetting*** are understood to be about the purchase, ownership and use of High-Integrity Mitigation Outcomes exclusively for counterbalancing an equivalent amount of direct and indirect GHG emissions attributed to an actor, product or service, such that the actor's, product's or service's net contribution to global emissions is reduced. Claims about offsetting shall be based on the use of High-Integrity Carbon Credits representing ***mitigation outcomes that are exclusively claimed for offsetting and not claimed towards any other mitigation purpose, including towards any country's existing mitigation targets***.

# Ensuring the integrity of claims

- 20) ***Claims about overall mitigation in global emissions*** are understood to be about the purchase, ownership and use of High-Integrity Carbon Credits exclusively to contribute to reducing global net emissions above and beyond existing national mitigation targets without making claims about offsetting. Claims about overall mitigation in global emissions shall be based on the use of High-Integrity Carbon Credits representing ***mitigation outcomes that are exclusively claimed for overall mitigation in global emissions and not claimed towards any other mitigation purpose, including towards any country's existing mitigation targets.***
- 21) ***Claims about national mitigation contributions*** are understood to be about the purchase and use of High-Integrity Mitigation Outcomes that help the host country in meeting its existing mitigation targets. Claims about national mitigation contributions shall be based on the use of High-Integrity Carbon Credits representing ***mitigation outcomes that are counted towards the host country's existing mitigation targets.***

# Ensuring the integrity of claims

- 22) ***Claims about carbon neutrality*** are understood to be about ***fully offsetting the direct and indirect emissions attributed to an actor, product or service that remain after an actor has taken action to mitigate these emissions consistently with a 1.5°C-aligned pathway***, such that the net contribution to global emissions of these emissions is zero. Organisations shall only make carbon neutrality claims if they have ***targets, pathways and plans in place in line with section 2.3 and are on track to achieving them***.
  
- 23) Organisations shall have their ***claims verified by a competent third-party entity***.

# Applying good marketing practices

- 24) When marketing their mitigation achievements, organisations shall ***disclose the underlying information and proof for their claims. This information should be provided in connection with the claim (e.g., advertisements, packages etc.) to the extent possible.***
- 25) Organisations shall ***comply with relevant supranational and national guidance on claims,*** including guidance specifically on claims associated with voluntary compensation.



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Comments by Nordic stakeholders

# Commentary

- Johanna Grant (ZeroMission)
  - Lasse Leipola (Finnwatch)
  - Karin Bergbom (Ecolabel Finland)
- 



# **#NORDIC DIALOGUE**

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**Q&A session**

# Q&A

**Please type your questions in the chat**





# **#NORDIC DIALOGUE**

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## Closing remarks

Sara Berggren, Nordic Council of Ministers



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THANK YOU FOR  
YOUR PARTICIPATION!



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