



#NORDIC DIALOGUE

on Voluntary Compensation

Harnessing voluntary carbon markets for climate ambition

Results of the Nordic Dialogue on Voluntary Compensation



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Nordic Council of
Ministers

Housekeeping



@Nordic_Dialogue
#NordicDialogue



Please write your questions in the chat during the Q&A sessions



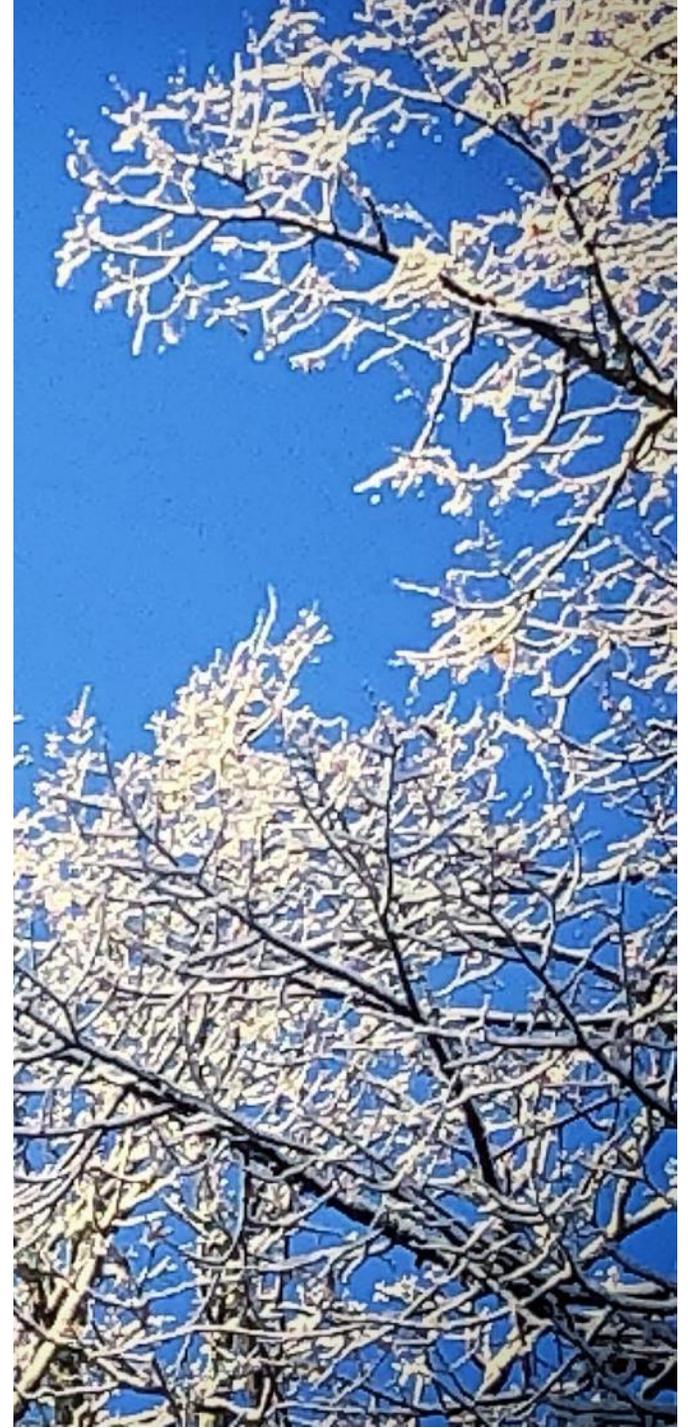
This event is recorded



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

Today's agenda

- Welcoming remarks
- Setting the scene: How can voluntary carbon markets drive climate ambition?
- Nordic perspectives on best practice for the voluntary use of carbon credits, and related claims
- Next steps: Recommendations for Nordic cooperation
- Reflections from Nordic stakeholders
- Questions and answers
- Closing remarks





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Welcoming remarks

Marie Karlberg, 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

[#vision2030](#)





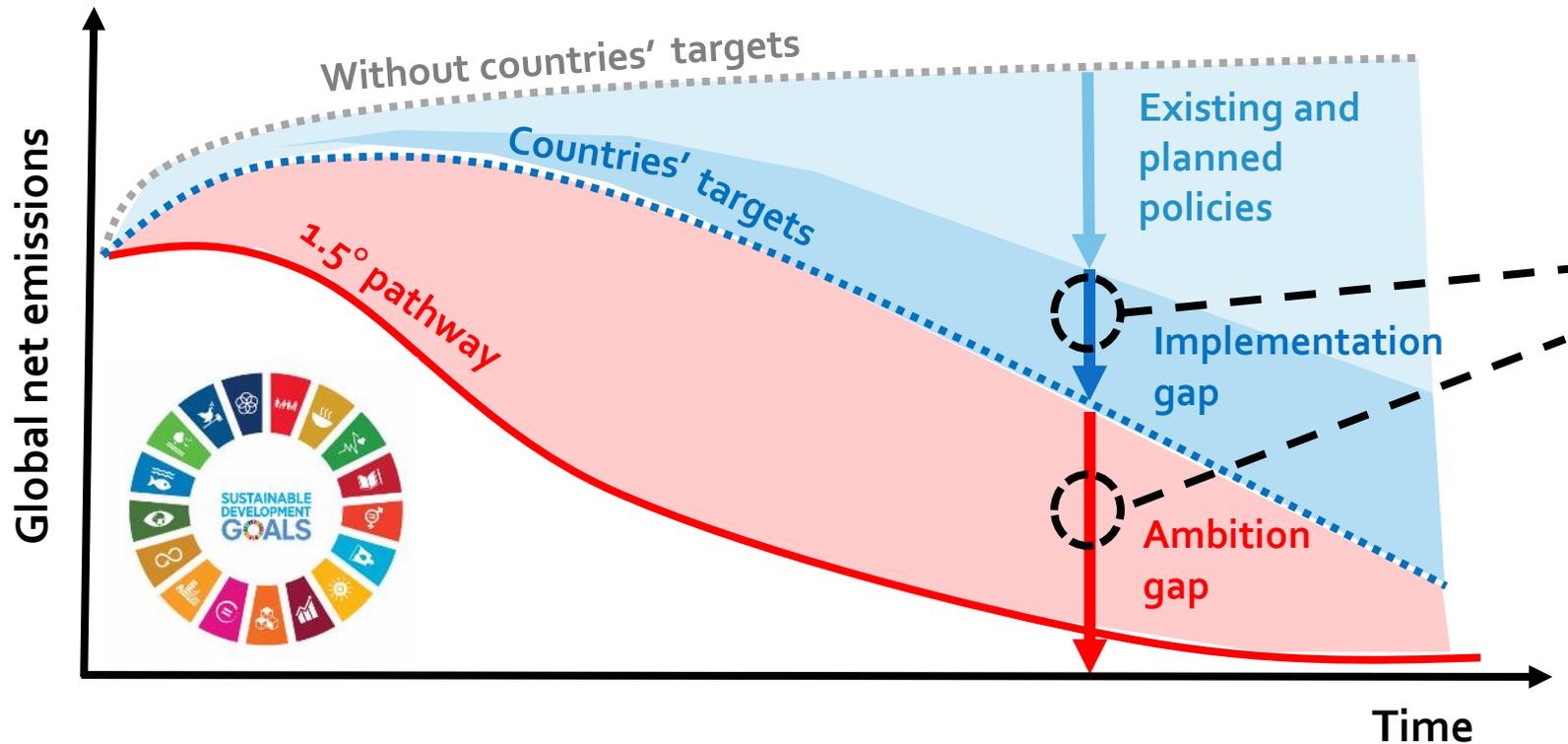
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Setting the scene: How can voluntary carbon markets drive climate ambition?

Hanna-Mari Ahonen, Perspectives Climate Research

Addressing the gaps



**Voluntary
carbon markets
can support**

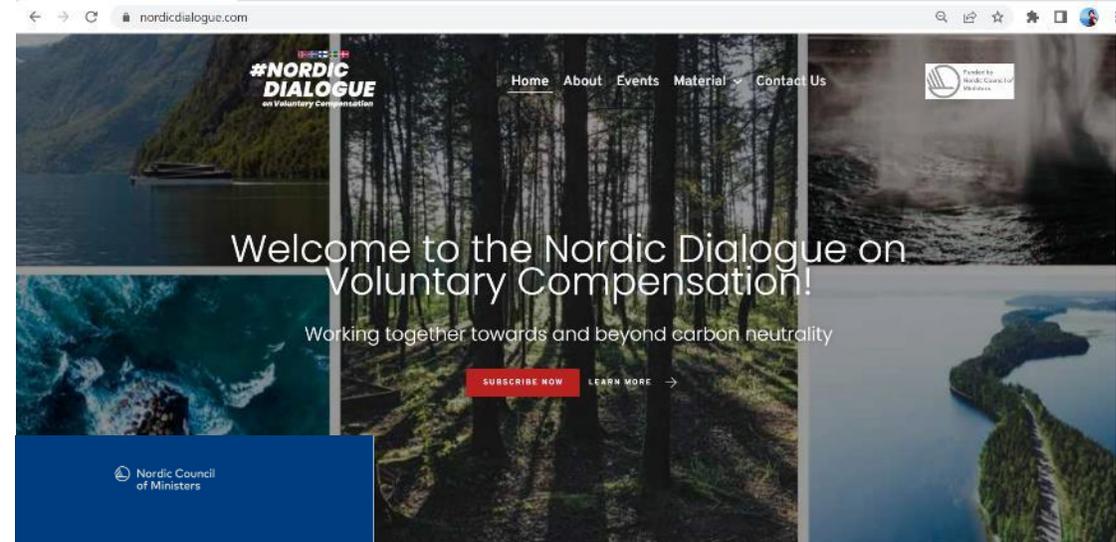
- ☑ Integrity
- ☑ Transparency
- ☑ Harmonisation

Dialogue: Goals and activities

The **Dialogue** aimed to inform Nordic and international stakeholders on the **voluntary use of carbon credits and related claims** as part of broader efforts **towards and beyond carbon neutrality**.

Specifically, the Dialogue aimed to:

- ▶ Promote the **high integrity, transparency** and **harmonisation** of the voluntary use of carbon credits and related claims, 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**



Nordic Council of Ministers

Nordic Dialogue on Voluntary Compensation

Working together towards and beyond carbon neutrality

Nordic Council of Ministers

Voluntary compensation of greenhouse gas emissions

International guidance and initiatives

Nordic Council of Ministers

HARNESSING VOLUNTARY CARBON MARKETS FOR CLIMATE AMBITION

An action plan for Nordic cooperation



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

Project Team

perspectives climate research CARBON LIMITS ivl Swedish Environmental Research Institute TYRSKY consulting



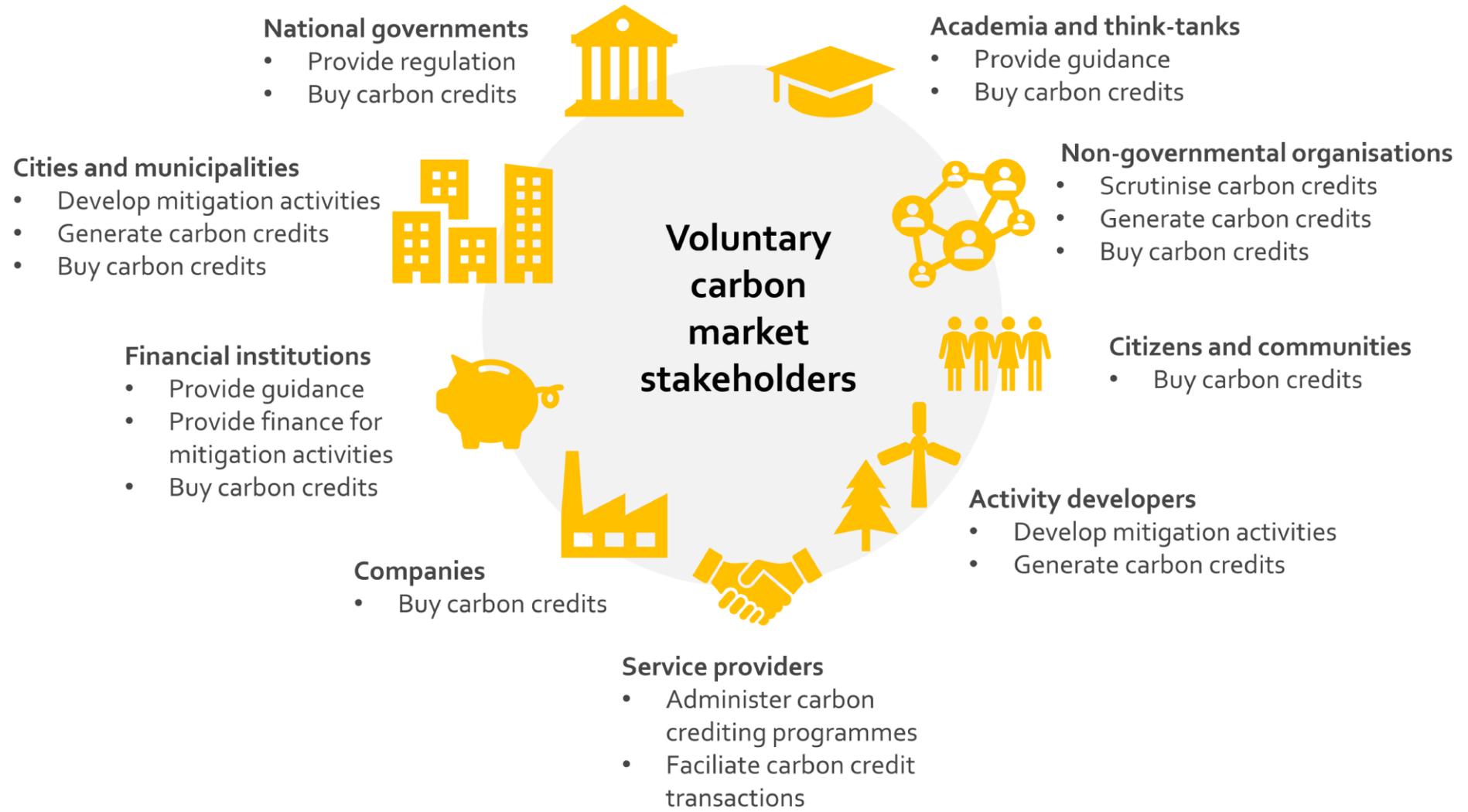
Working Group

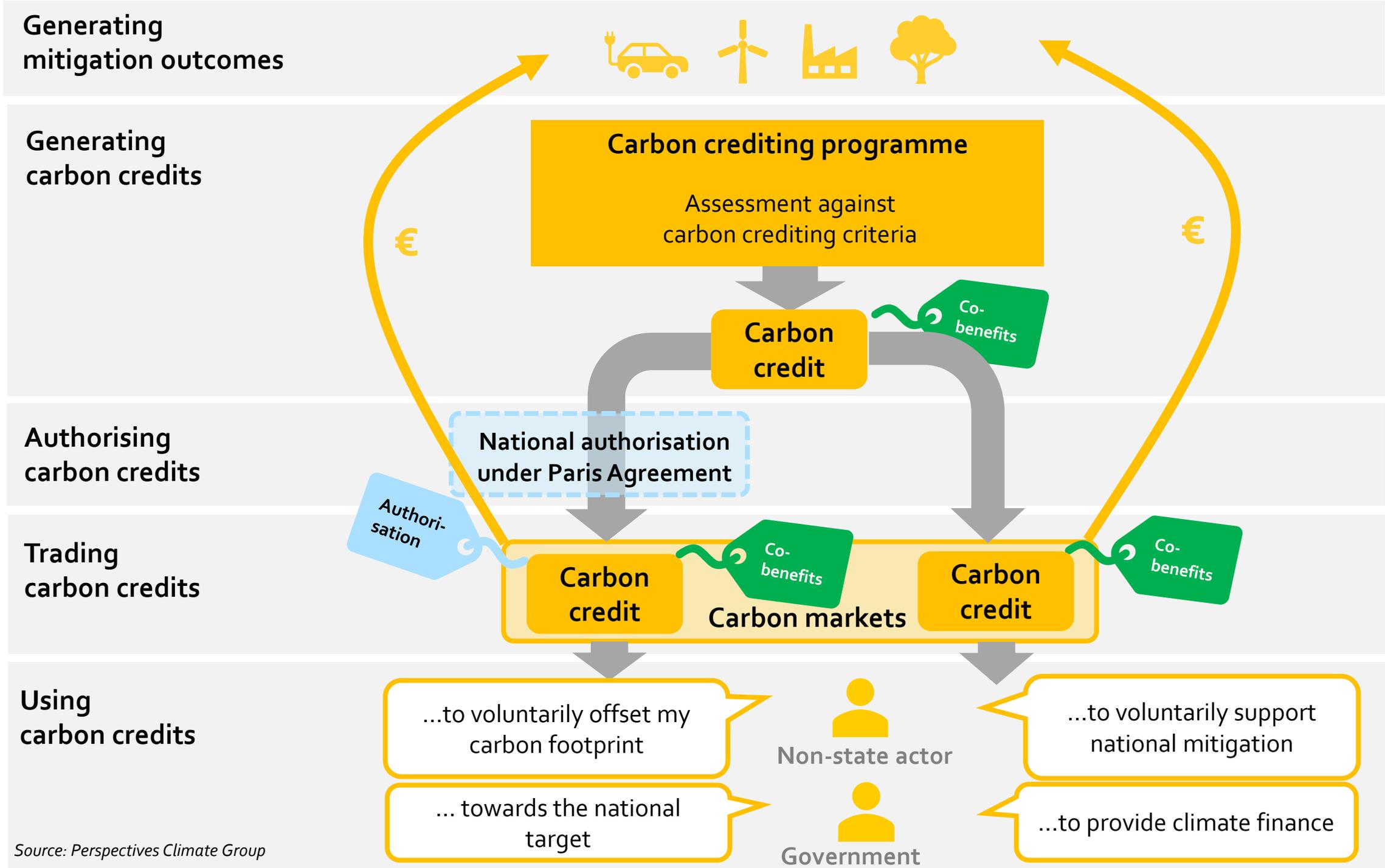
30+ experts from
almost 30 organisations

Network

150 people on mailing list
(mostly Nordic)

Stakeholders





Terminology matters

Lesson learned: Clear terminology is key for a clear discussion on substance.

- **Offsetting:** Counterbalancing the climate impact of specific emissions with an equivalent amount of carbon credits ▶ Addresses ambition gap
 - One (but not only) use case for carbon credits (thus not synonym for “carbon offset”)
- **National mitigation contribution:** Supporting mitigation that counts towards existing national mitigation targets ▶ Addresses implementation gap
- **Compensation vs offsetting:** Sometimes synonyms, sometimes not
 - Dialogue used “compensation” to include offsetting and national mitigation contributions
- **Voluntary use of carbon credits:** Use instead of “compensation” to avoid confusion
 - This is in line with international initiatives (SBTi, ICVCM and VCMI)



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**Nordic perspectives on best practices for the
voluntary use of carbon credits and related claims**

Randall Spalding-Fecher, Carbon Limits



Nordic Code of Best Practice

The Nordic Code of Best Practice provides Nordic perspectives on the current best practice for the voluntary use of carbon credits and related claims

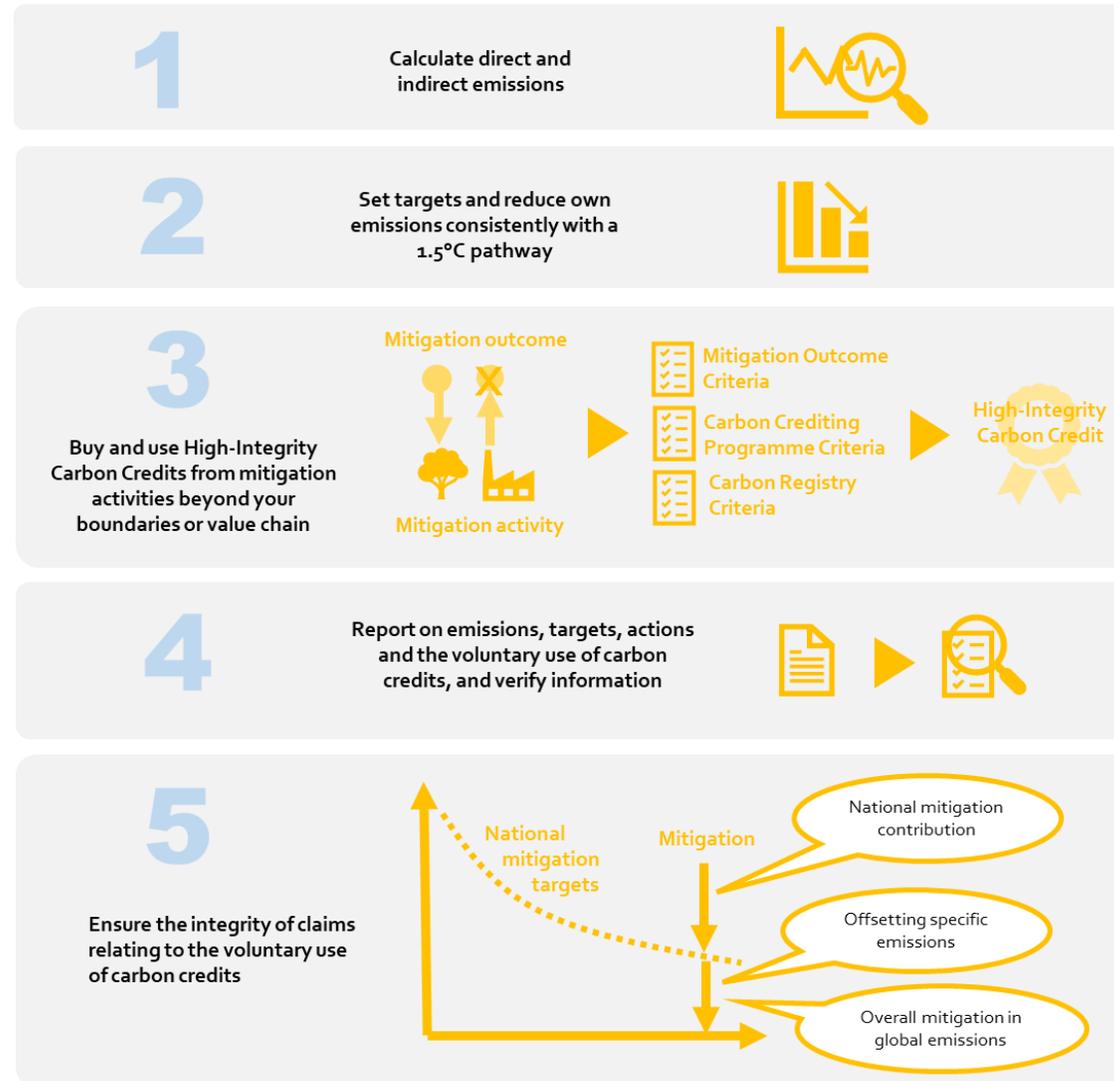
- Synthesis of the ***ambitious*** requirements and recommendations for the voluntary use of carbon credits and related claims put forward ***by relevant initiatives*** as well as ***inputs from Nordic stakeholders***

The Code is a result of a co-creation process

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

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

Best practice: Overview





Best practice: Steps 1 & 2

1

Calculate direct and indirect emissions



2

Set targets and reduce own emissions consistently with a 1.5°C pathway



Best practice: Steps 3 & 4

3

Buy and use High-Integrity Carbon Credits from mitigation activities beyond your boundaries or value chain

Mitigation outcome



Mitigation activity



Mitigation Outcome Criteria



Carbon Crediting Programme Criteria



Carbon Registry Criteria



4

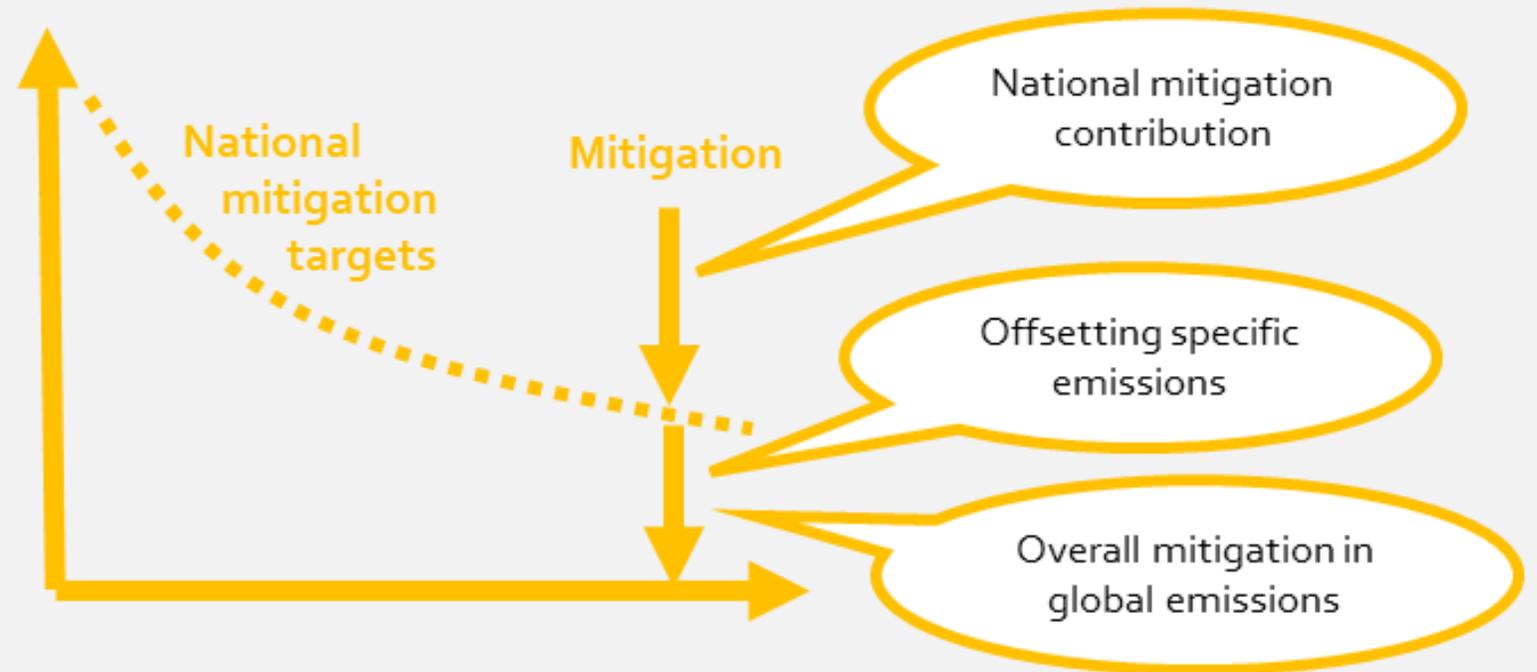
Report on emissions, targets, actions and the voluntary use of carbon credits, and verify information



Best practice: Step 5

5

Ensure the integrity of claims relating to the voluntary use of carbon credits

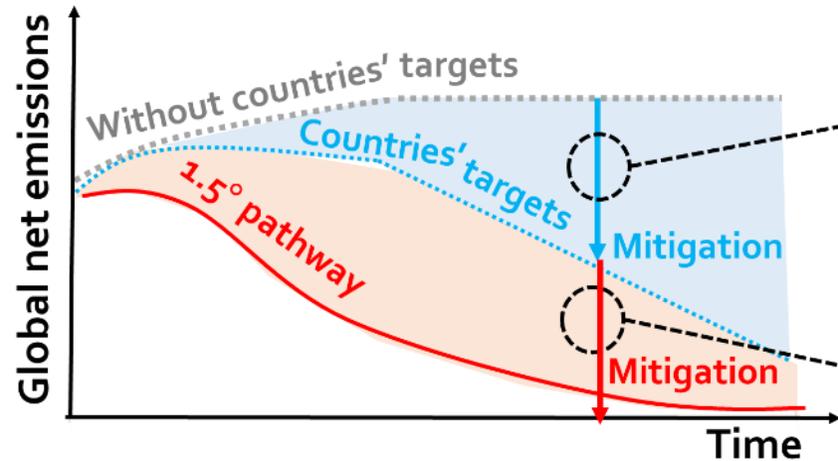




Claims: A closer look

AMBITION GAP

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



CLIMATE IMPACT

Voluntary use of carbon credits to:

- Support mitigation that helps countries to meet existing targets
- Supports mitigation above and beyond existing targets

PURPOSE

Voluntary use of carbon credits to:

Counterbalance the climate impact of specific emissions	Support mitigation without counterbalancing any specific emissions
Not applicable	National mitigation contribution
Offsetting specific emissions	Overall mitigation in global emissions

CLAIM



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**Next steps:
Recommendations for Nordic cooperation**

Kenneth Möllersten, IVL

Recommendations: Overview



CREATING A COMMUNITY OF BEST PRACTICE FOR LEARNING-BY-DOING

- Facilitate the creation a Nordic community of best practice for carbon market cooperation
- Use the space for building capacity, aligning and updating guidance and supporting implementation

BUILDING CAPACITY ON BEST PRACTICES

- Raise awareness and build knowledge on key issues, best practices and national and international developments
- Raise awareness and map support for the Nordic Code of Best Practice



ALIGNING AND UPDATING GUIDANCE

- Develop and promote a common Nordic view on best practices
- Promote alignment between national and international guidance and regulations and the Nordic view
- Review and update as needed

SUPPORTING IMPLEMENTATION OF BEST PRACTICES

- Explore key challenges for implementing best practices and options to address them
- Provide practical support for implementing best practice elements



Creating a community



CREATING A COMMUNITY OF BEST PRACTICE FOR LEARNING-BY-DOING

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Building capacity



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BUILDING CAPACITY ON BEST PRACTICES

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Aligning and updating guidance



ALIGNING AND UPDATING GUIDANCE

- Develop and promote a common Nordic view on best practices
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- Review and update as needed

Supporting implementation

SUPPORTING IMPLEMENTATION OF BEST PRACTICES

- Explore key challenges for implementing best practices and options to address them
- Provide practical support for implementing best practice elements





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Reflections by Nordic stakeholders



Guðmundur Sigbergsson
International
Carbon Registry



Bernt Nordman
WWF Finland



Embla Winge
PEAB



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Q&A session



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Closing remarks

Marie Karlberg, Nordic Council of Ministers



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Thank you for your participation!

