



Ecosystem Marketplace  
A FOREST TRENDS INITIATIVE



# BUYING IN:

TAKING STOCK OF THE ROLE OF OFFSETS  
IN CORPORATE CARBON STRATEGIES

Webinar Presentation  
August 2, 2016



Emissions



Scope 1



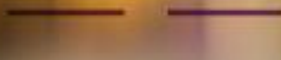
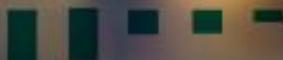
Scope 2



Scope 3



Emissions  
Reductions  
(covered by 100)





WEBINAR | August 2, 2016

## Webinar Hosts

**SIMON HENRY**

International Carbon Reduction Offset Alliance (ICROA)



**ALLIE GOLDSTEIN**

Forest Trends' Ecosystem Marketplace



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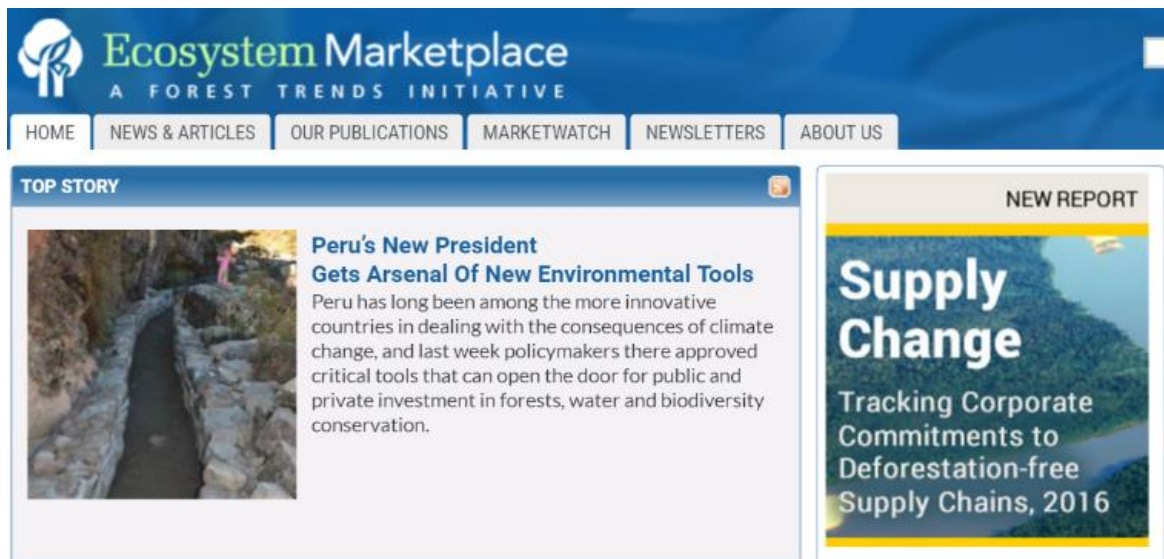
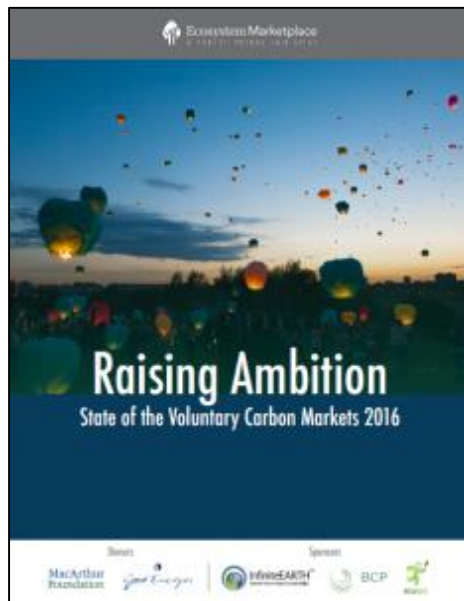


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## IMPETUS AND METHODOLOGY: *Buying In* uses CDP data to get a rare glimpse of demand for carbon offsets – from the buyers themselves

### ***What the CDP data is...***

- More than 1,800 companies disclosing scope 1, 2, and 3 emissions
- Disclosures on emissions reductions targets and strategies – and the money invested to achieve them
- Annual reporting on carbon offset purchases including:
  - number of tonnes purchased;
  - project type;
  - carbon standard used;
  - whether the purchase was motivated by regulation;
  - and (in some cases) the offset project name
- EM analysis is on data from 2013, 2014, and 2015 disclosures (on the previous year's activities)

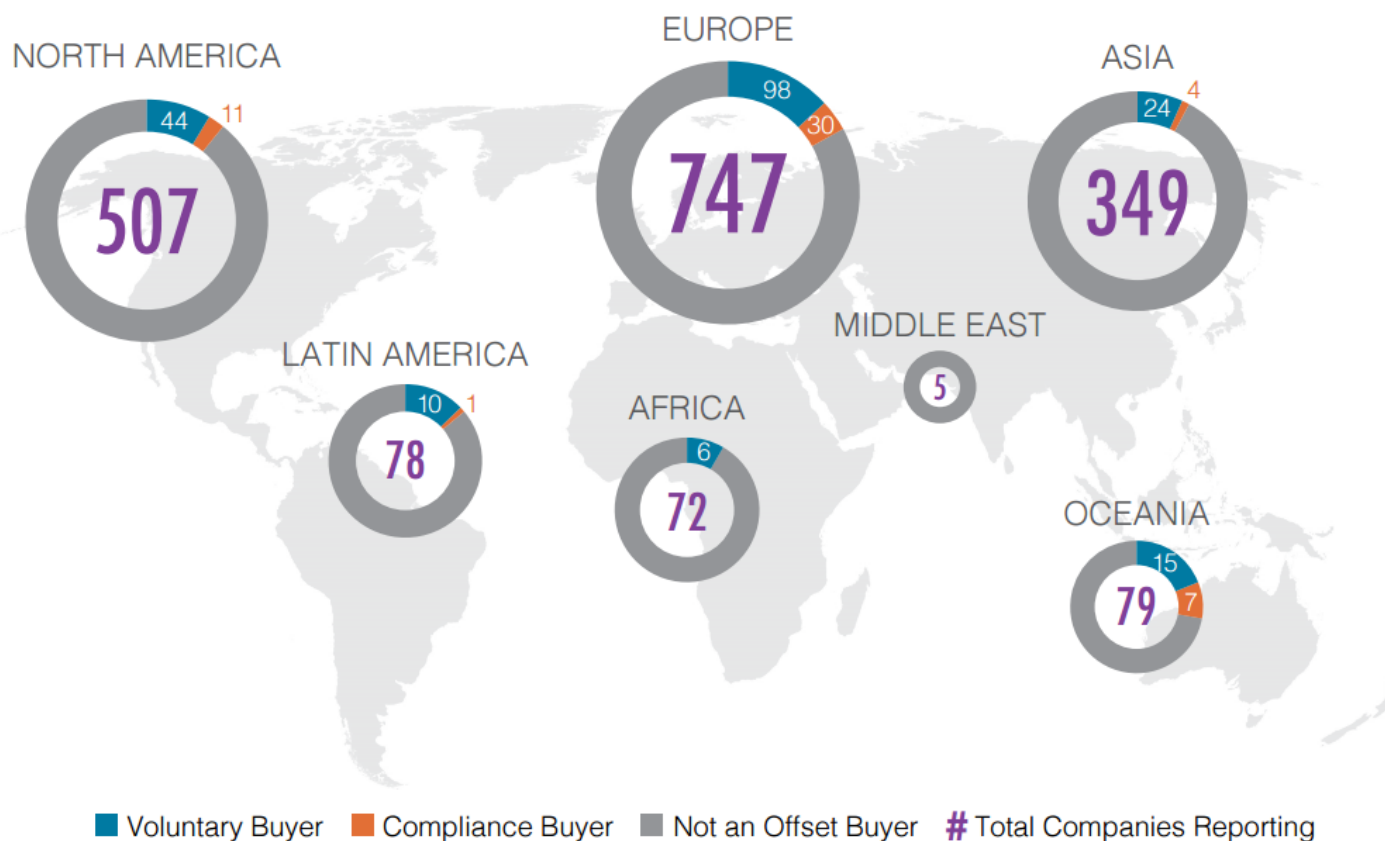
### ***And what it isn't...***

- Only public CDP disclosures are included in this dataset
- Data on 2015 emissions and offset purchases is not available yet
- No information available through CDP on offset prices
- No write-in for the motivation for offset purchases beyond voluntary versus compliance
- Not a comprehensive picture of voluntary or compliance offset demand

***CDP data is collected on behalf of 822 institutional investors with \$95 trillion in assets***

## OFFSETING AROUND THE WORLD: 248 companies reporting to CDP offset a portion of their emissions

### NUMBER OF COMPANIES PUBLICLY DISCLOSING TO CDP IN 2015, BY REGION AND ENGAGEMENT WITH OFFSETTING



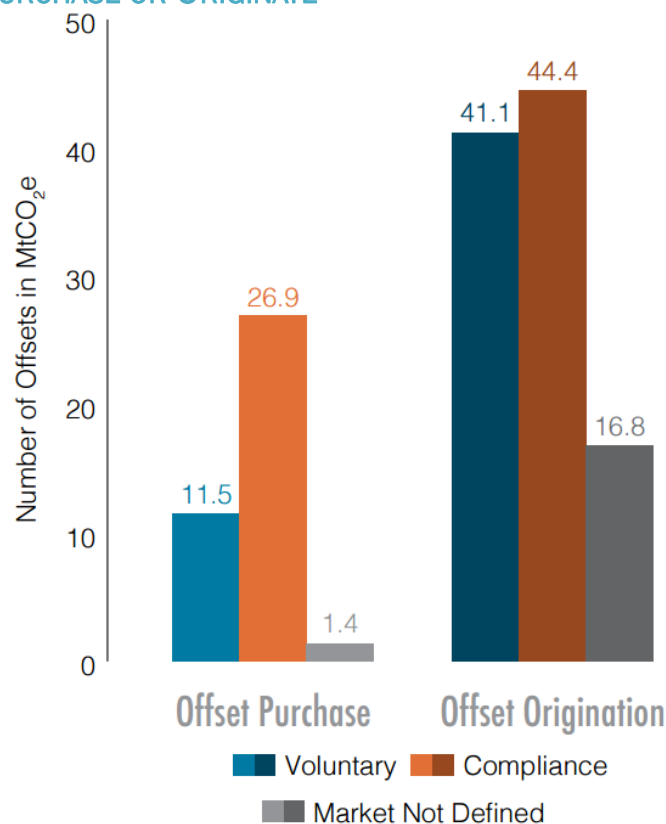
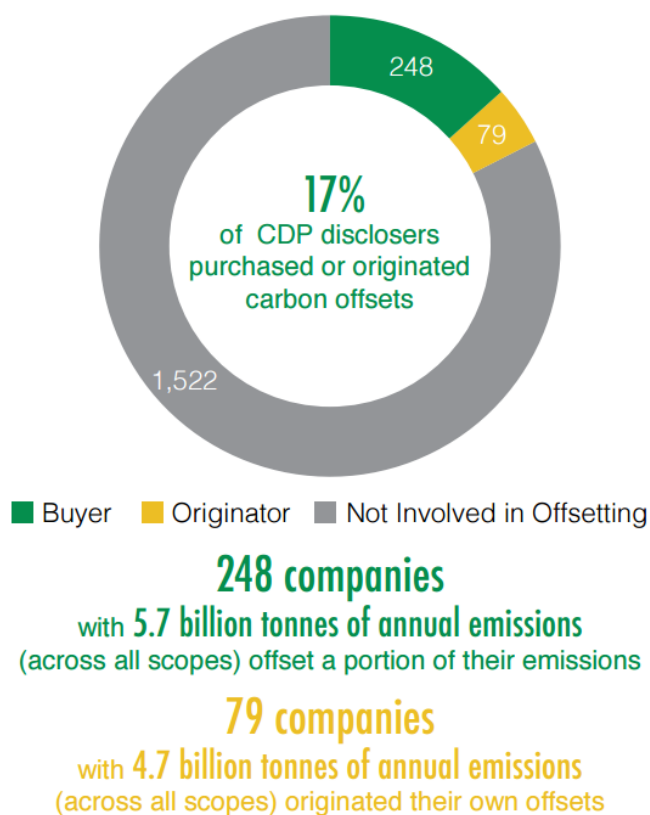
**Notes:** Based on 1,836 companies' public disclosures to CDP in 2015. Companies were reporting on 2014 data; 1,896 companies total publicly disclosed to CDP in 2015 but 60 companies whose reporting periods fell mostly outside of 2014 were excluded from this report's analysis.

**Data source:** CDP public disclosure, reporting year 2015.



**OFFSETTING IS COMMON:** Collectively, companies reporting to CDP purchased 39.8 MtCO<sub>2</sub>e and originated another 102.4 MtCO<sub>2</sub>e

**MARKET SNAPSHOT: NUMBER AND PERCENTAGE OF REPORTING COMPANIES THAT ENGAGE IN OFFSETTING AND NUMBER OF OFFSETS THEY PURCHASE OR ORIGINATE**



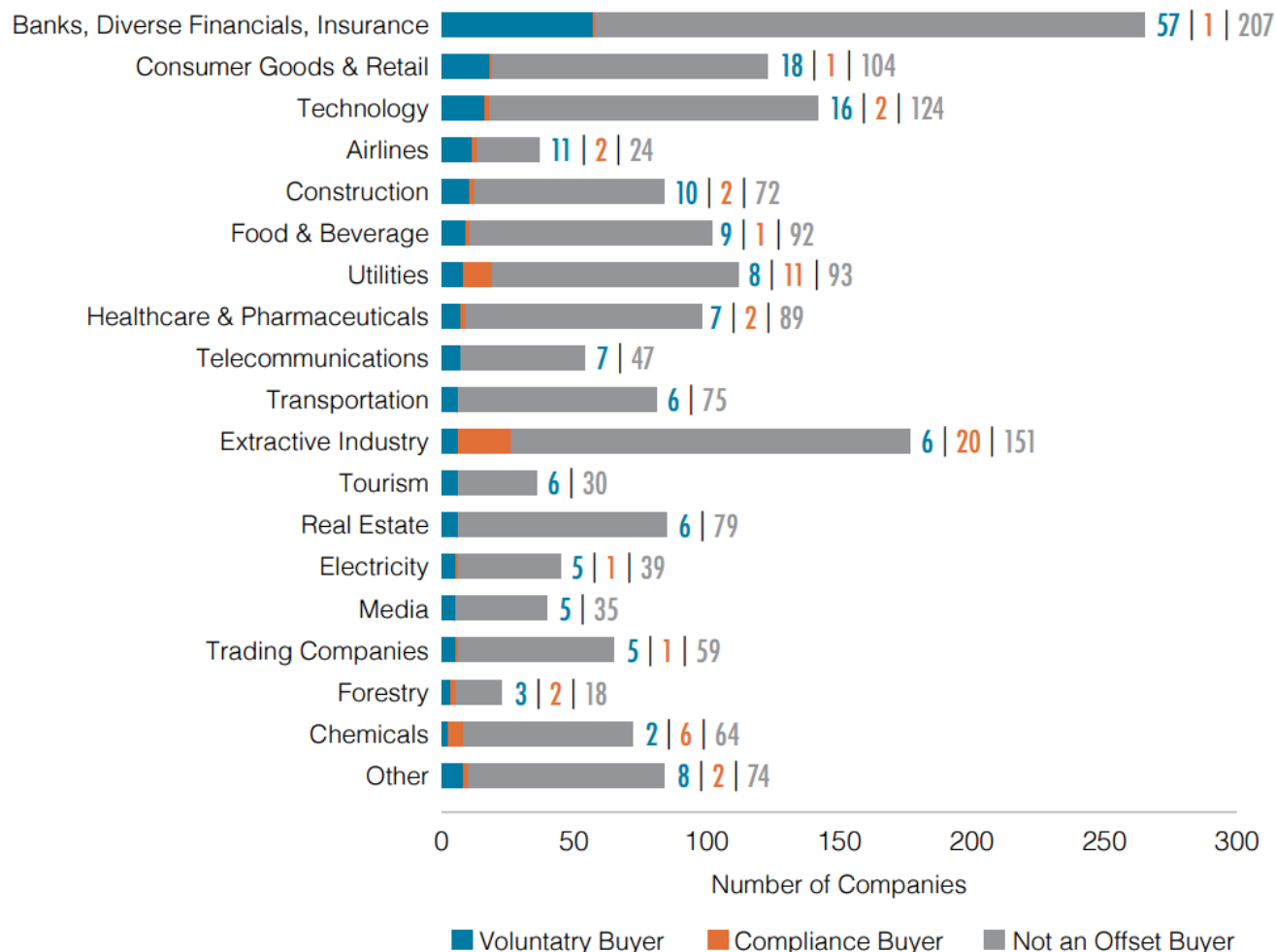
**Notes:** Based on 39.8 MtCO<sub>2</sub>e in offset purchases by 248 unique buyers in 2014 as well as 102.3 MtCO<sub>2</sub>e in offset origination by 79 unique companies. “All scopes” refers to emissions in Scopes 1, 2, and 3. See Figure 7 on p. 15 for more detail.

**Data source:** CDP public disclosure, reporting year 2015.



## WHY BUY?: Voluntary offsetters come from sectors that rely on a positive relationship with consumers – or see high climate risks on the horizon

### NUMBER OF REPORTING COMPANIES BY BUSINESS SECTOR AND ENGAGEMENT WITH OFFSETTING



**Notes:** Based on 1,724 disclosures associated with a business sector. The sectors listed are a slightly consolidated version of the “industry group” reported to CDP, with combinations made at the discretion of the author.

**Data source:** CDP public disclosure, reporting year 2015





**WHO'S WHO?:** 197 companies – many of them household names – reported voluntary offset purchases (another 53 bought for compliance)

## *Top 15 voluntary buyers by volume, 2012-2014:*

1. General Motors
2. Barclays
3. Delta Air Lines
4. PG&E
5. Marks & Spencer
6. Microsoft
7. Allianz SE
8. Australia and New Zealand Banking Group
9. Deutsche Bank
10. Interface
11. National Australia Bank
12. Credit Suisse
13. Qantas Airways
14. Bank of Montreal
15. Deutsche Post AG

General Motors pioneered new methodologies for carbon offsets on college campuses – and bought the tonnes



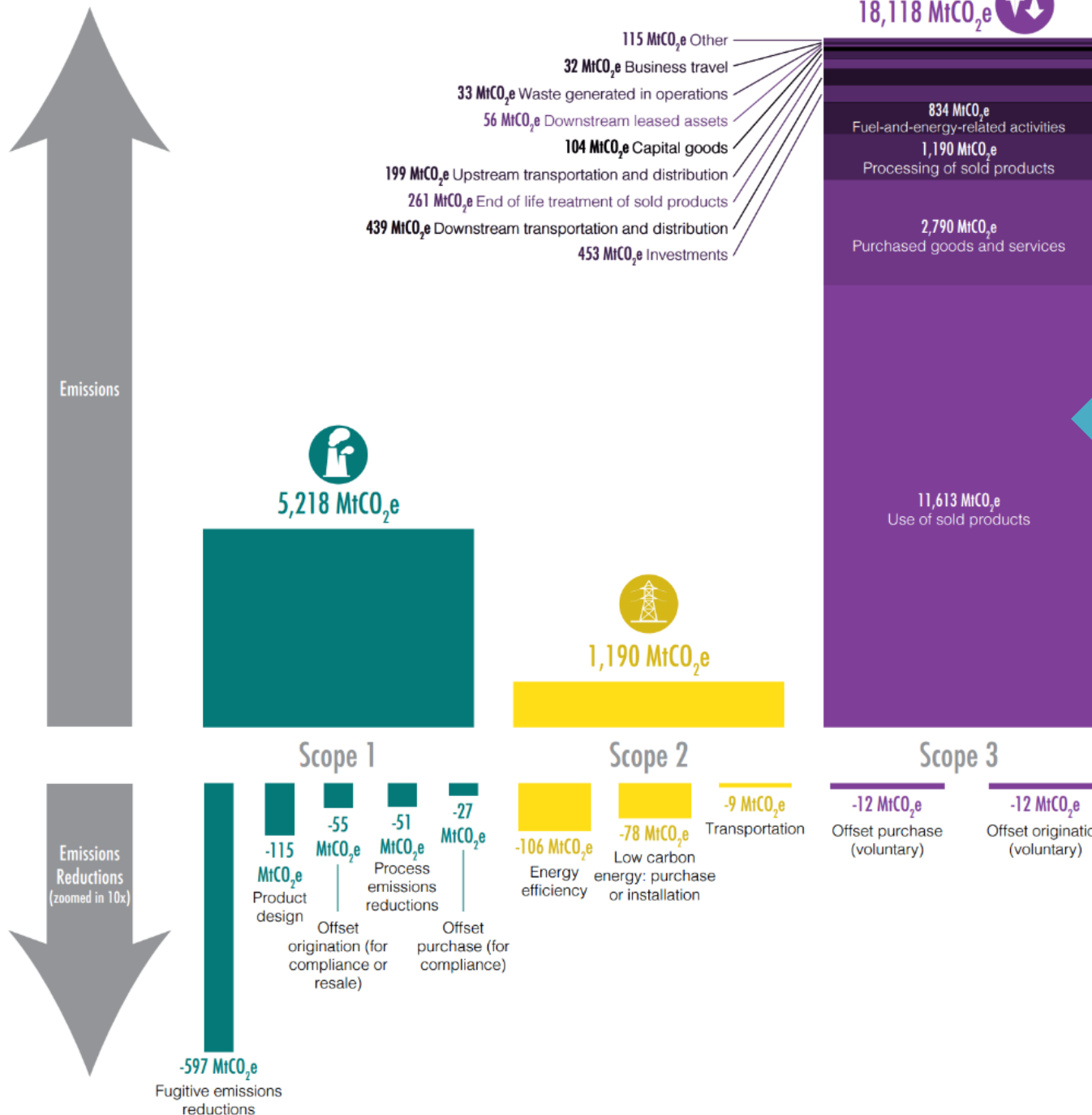
Photo source: Detroit Free Press



## SCOPING IT OUT

How does offsetting fit into companies' overall emissions reductions strategies?

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**TOTAL SCOPE 1, 2,  
AND 3 EMISSIONS AND  
TOTAL EMISSIONS  
REDUCTIONS IN 2014,  
FROM COMPANIES  
REPORTING TO CDP**

*Scope 3 = the  
emissions  
“elephant in the  
room”*

**Notes:** Based on 5.2 billion tonnes of scope 1 emissions reported by 1,718 companies; 1.2 billion tonnes of scope 2 emissions reported by 1,729 companies, and 18.2 billion tonnes of scope 3 emissions reported by 1,426 companies (not all companies reported emissions across all scopes).

**Data source:** CDP public disclosure, reporting year 2015.

Emissions



5,218 MtCO<sub>2</sub>e

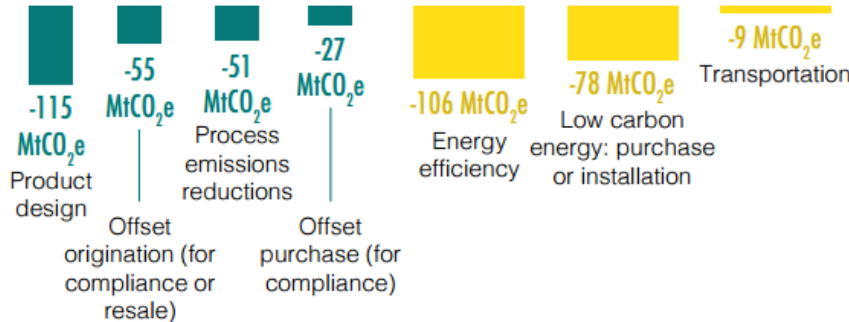


1,190 MtCO<sub>2</sub>e



Scope 1

Scope 2



Emissions Reductions  
(zoomed in 10x)

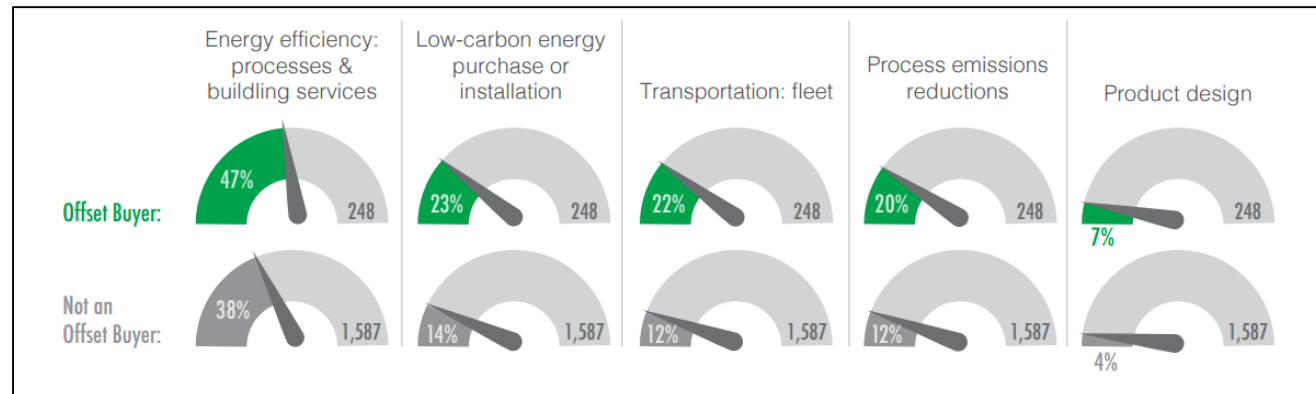


-597 MtCO<sub>2</sub>e  
Fugitive emissions reductions

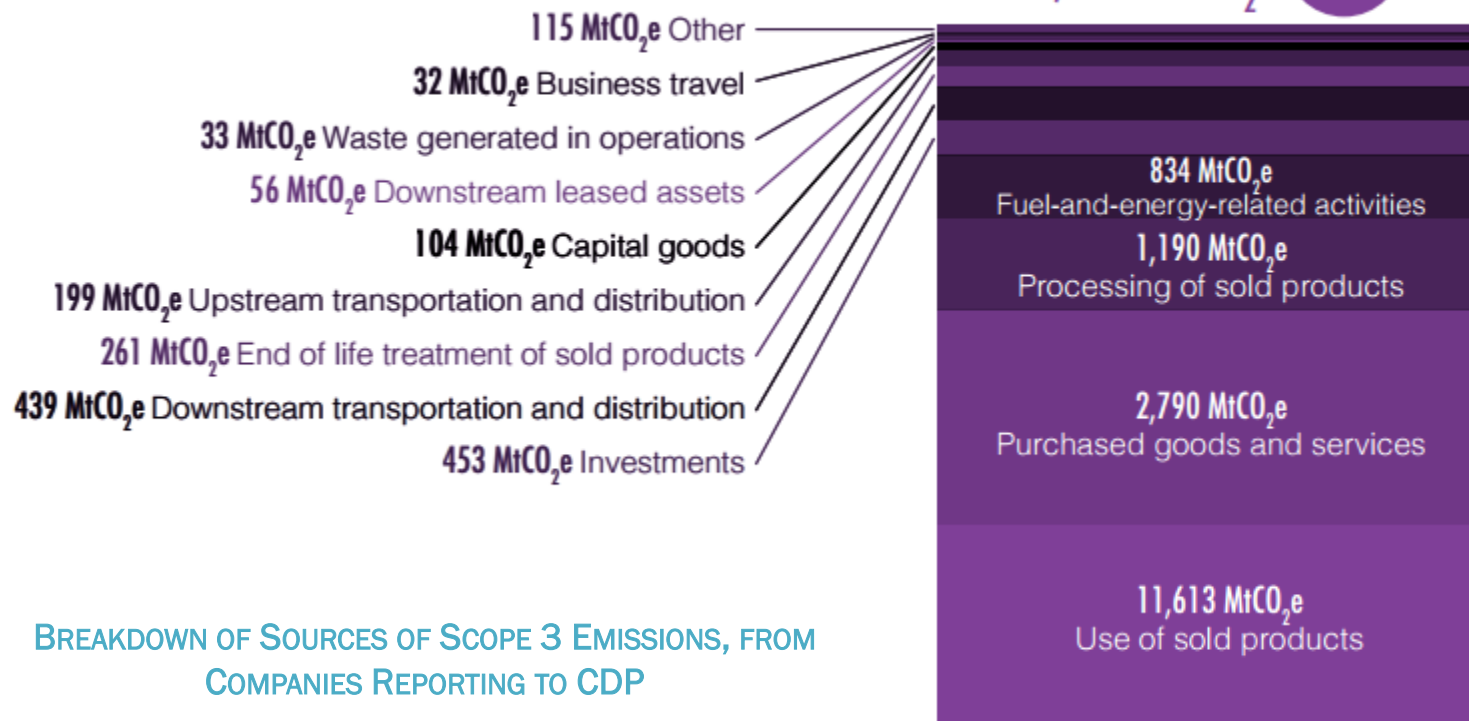
PERCENTAGE OF REPORTING COMPANIES ENGAGING IN EMISSIONS REDUCTIONS ACTIVITIES >>

Zooming in...  
Offsetting is buying  
*into* the problem,  
not out of it.

Offset buyers  
implemented these  
direct emissions  
reduction strategies  
at a higher rate than  
other companies



# Scope 3



*CDP disclosers reported an emissions liability of nearly **25 billion tonnes** in 2014 – about three-quarters of which (**18 billion tonnes**) were attributed to Scope 3 emissions.*

*Offsets are a way to address Scope 3 emissions today.*

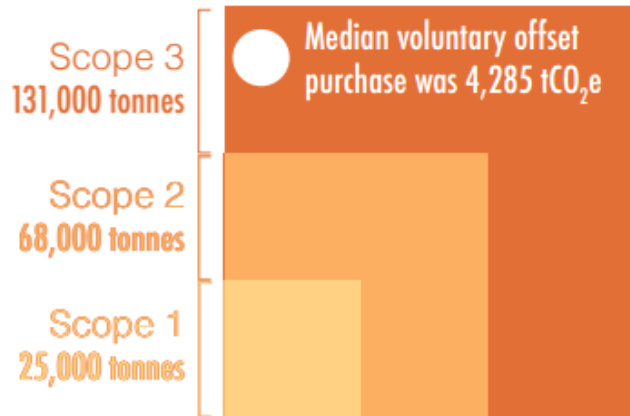
## TONNE BY TONNE

Does offsetting make a dent?

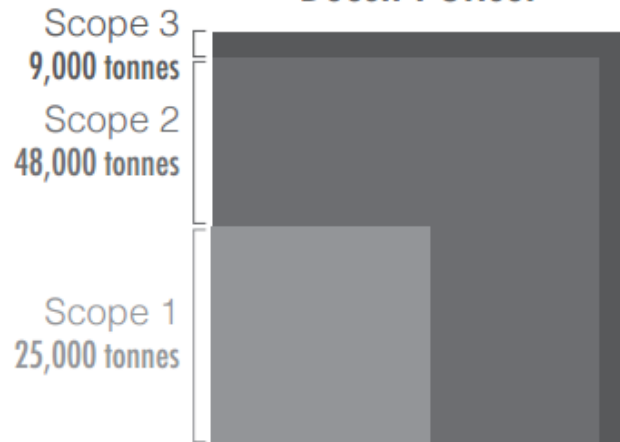
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## SCALE OF THE TYPICAL VOLUNTARY OFFSET BUYER'S EMISSIONS AND EMISSIONS REDUCTIONS, ALL SCOPES, 2014

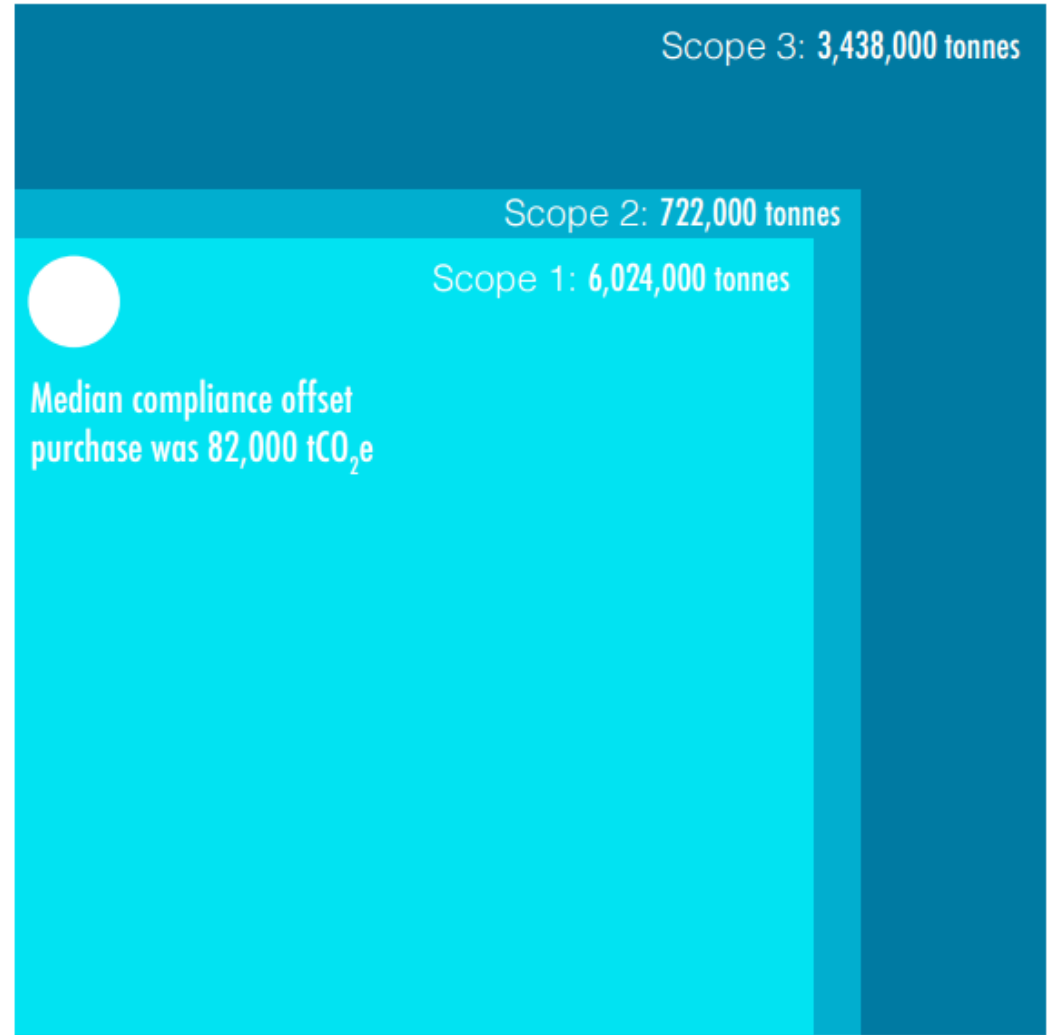
### Typical Voluntary Buyer



### Typical Company That Doesn't Offset



### Typical Compliance Buyer



**Notes:** Based on median emissions and emissions reductions to get an idea of the typical voluntary and compliance offset buyer. Numbers are rounded to the nearest 1,000.

**Data source:** CDP public disclosure, reporting year 2015.





## How to Scale Up?

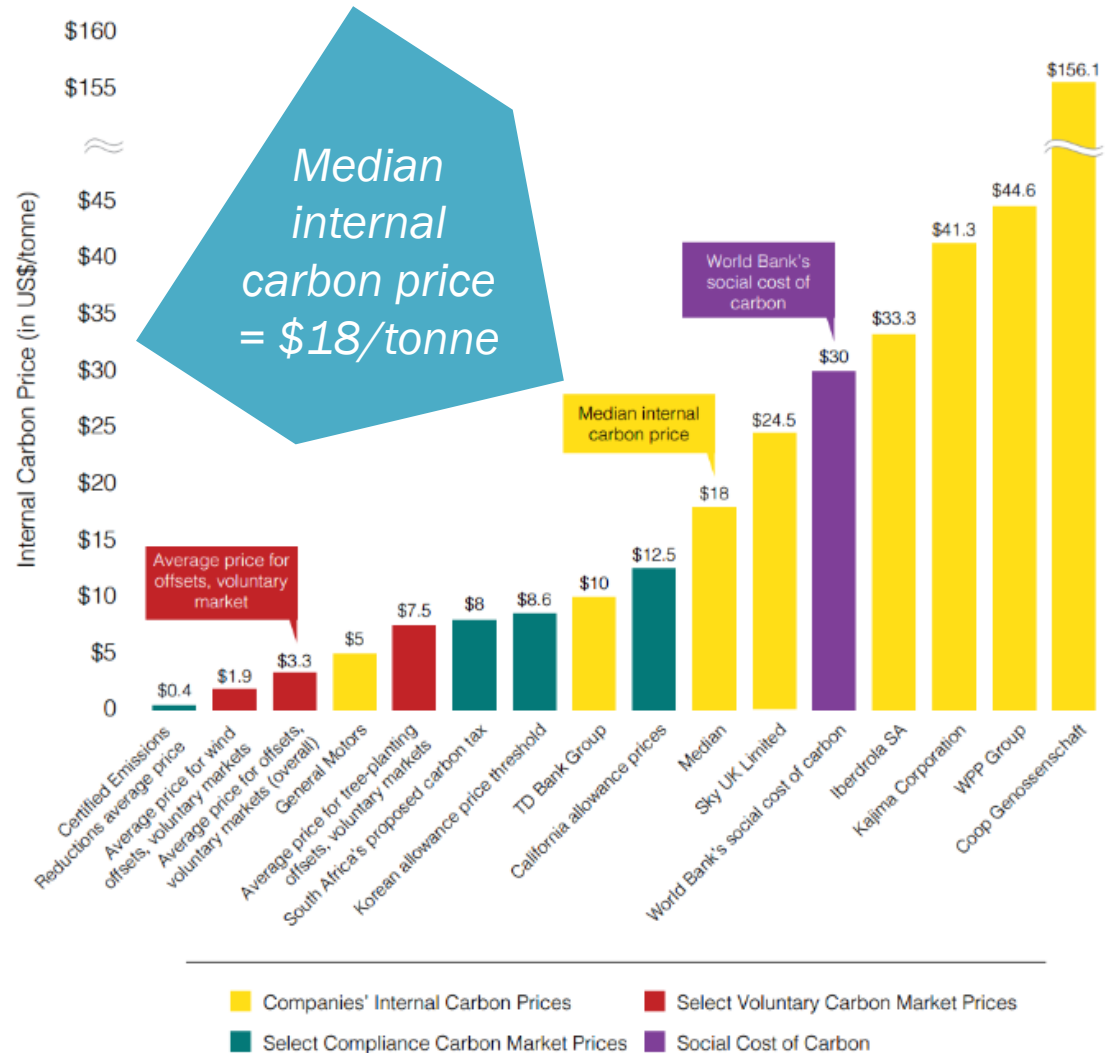
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- ❖ Compliance markets
- ❖ Science-based Targets
- ❖ Internal carbon pricing
- ❖ Offset origination / insetting within supply chains



## INTERNAL CARBON PRICING: Companies that offset are 5x as likely to have an internal carbon price

### SELECT COMPANIES' INTERNAL CARBON PRICES COMPARED TO EXAMPLE OFFSET AND ALLOWANCE PRICES



**Notes:** Internal carbon prices are based on 120 specific prices companies reported to CDP in 2014. Voluntary carbon offset prices are based on Ecosystem Marketplace's State of the Voluntary Carbon Markets 2016 report.

**Data source:** CDP public disclosure, reporting year 2015.



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Questions?

Ask on the webinar! Or email:  
[agoldstein@ecosystemmarketplace.com](mailto:agoldstein@ecosystemmarketplace.com)