



WWF recommendations for

Corporate climate strategies in the era of the Paris Agreement and the (new) role of «compensation» projects

December 2020

Table of content

Executive Summary	2
Introduction: Climate Change in the «Decade of Action»	3
The paradigm shift: From the Kyoto Protocol to the Paris Agreement	3
Corporate Climate Strategies: The building blocks...	4
...Reduce within...	5
...finance beyond...	5
...and advocate for climate action	7
Corporate Climate Communication: transparent & honest claims	8
Why this is a win-win strategy	10
The way forward	10
for companies' climate strategists	10
for clients & consumers	10
for climate project developers & consultants	11
for nature conservation & civil society groups	11

Executive Summary

From 2021, the world's efforts to tackle climate change are governed by the Paris Agreement. For companies and their partners, this comes with the need to revise corporate climate strategies, reconfigure their building blocks and reframe accompanying communications.

In order to make their corporate climate strategies “fit for Paris”, WWF recommends companies to:

- 1. Acknowledge the regulatory paradigm shift:** The Paris Agreement comes with an ambitious dual objective - reducing GHG emissions to near zero and removing carbon from the atmosphere - as well as a global coverage. The Kyoto era's divide in countries with and without emissions reduction targets, its focus on marginal least cost mitigation efforts and cross-border, zero-sum-trade of offsets can no longer be part of corporate climate strategies.
- 2. Commit to future and present value chain emissions:** First and foremost, companies need to cut their value chain emissions at a rate that is in line with climate science. In addition, they should financially commit to the value chain emissions that remain at the level of its social costs on their way to zero and invest this commitment for a maximum benefit for climate and nature.
- 3. Enable the transition to a zero carbon society:** Drastically cutting emissions is key to fighting climate change. But companies' full leverage unfolds with promoting and advocating for climate change mitigation both among political decision makers and their value chain partners. This levels the playing field for climate action and creates momentum beyond a company's gates.
- 4. Communicate effective action not obscure labels:** Many companies put significant efforts into tackling climate change but use obscure communications with ambiguous and misleading neutrality claims and labels. Be proud of your Paris-compatible climate strategies and communicate ambitions, actions and achievements with precision and integrity.

Introduction: Climate Change in the «Decade of Action»

Science is being very clear: If we want to limit global warming to a maximum rise of 1.5°C¹, decisive action is needed. We need to curb global GHG emissions in 2020, halve them by 2030 and achieve net-zero GHG emissions no later than 2050.

In large parts, the business community is aware of climate change's irreversible impacts and the rising likelihood of its occurrence². Companies are ready to act and step up ambitions. And yet, how to walk down the above described path – in a coherent and credible manner – remains unclear for many companies and their decision makers.

Drawing on the latest insights and guidance³, the subsequent paragraphs sketch the building blocks of corporate climate strategies and how to effectively link them in compliance with the Paris Agreement. They do not intend to replace the more detailed discussion of how to make these building blocks come alive in diverse national, sectoral and corporate contexts. Instead, their brevity aims at providing orientation in a dynamic and polyphonic field and at encouraging companies' decision makers to act boldly during the next ten years. Because these years will make all the difference.

The paradigm shift: From the Kyoto Protocol to the Paris Agreement

The Kyoto Protocol (2008-2020) was the first international climate convention obliging industrialised countries to tackle climate change. For the post-2020 period, however, the much-applauded Paris Agreement comes with a number of changes that climate strategists need to take into account:

- *Ambitious and dual objective*: Whereas the Kyoto Protocol set a modest GHG emissions reduction target for a few countries only, the Paris Agreement aims for net-zero GHG emissions at a global level, i.e. a state where “anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period”⁴. In order to reach this ambitious goal, Paris calls for a dual approach: reducing GHG emissions to near zero⁵ and removing and sequestering carbon from the atmosphere. Both approaches are needed and cannot substitute each other.
- *Global coverage*: The Kyoto Protocol only required industrialized countries to set reduction targets, whereas developing countries hosted credit-issuing carbon projects helping industrialized countries achieve these targets. While the Kyoto Protocol may have encouraged the diffusion of low-carbon technologies in the Global South, this system led to a zero-sum game, where one entity continues to emit while another reduces emissions by the same amount. The Paris Agreement, in contrast, obliges all signing countries to set emission reduction targets (i.e. nationally determined contributions, NDC)⁶, asking all actors to significantly reduce their GHG emissions and thus ends the simple trade of emission reductions across borders. This is why the voluntary and compliance markets for carbon, co-existing during the Kyoto-period, will progressively merge under the Paris agreement.
- *Risk of double claiming*: Since every country has a target under the Paris Agreement, there is a major risk that emission reductions obtained from projects in the voluntary carbon market are included in host country NDCs and - especially when project developers issue carbon credits - simultaneously claimed by buyers of carbon credits. To avoid double claiming and its detrimental effects on climate change mitigation, Article 6 of the Paris Agreement requires the filing of “corresponding adjustments”, i.e. a formal balancing of a host country's NDC by the level of emission reductions/removals achieved by any project issuing tradable carbon credits. At least in the short term, however, these adjustments will be difficult to achieve and carbon credits backed by corresponding adjustments hence hard to be generated.⁷

¹ In sync with the IPCC's (2018) special report on “Global Warming of 1.5°C”, we promote a 1.5°C ambition level for corporate climate change mitigation strategies. The well-below 2°C ambition level is still acceptable for target-approval by the Science-Based Targets Initiative (SBTI) but insufficient for mitigating climate change's most adverse effects on people and nature.

² WEF (2012): “The Global Risks Report 2020”.

³ SBTi (2020): “Foundations for Science-Based Net-Zero Target-Setting in the Corporate Sector”, WWF & BCG (forthcoming): “Corporate Climate Mitigation Leadership Framework”; WWF (2019): “Position and guidance on voluntary purchases of carbon credits”.

⁴ IPCC (2019): “Global warming of 1.5°C”, (p. 555).

⁵ Throughout this paper we use the term “zero”-emissions rather than “net-zero” emissions when we talk about corporate emissions. We do this for clarity and in an attempt to avoid the expectations that offsetting of remaining emissions is an easy straightforward available solution. It is not, as we discuss below.

⁶ Not all countries under the Paris Agreement yet have climate targets that are absolute emission reduction targets. In some countries, these targets are intensity targets and/or cover some sectors only.

⁷ Kreibich, N. and Hermwille, L. (2020): “Caught in between: Credibility and Feasibility of the Voluntary Carbon Market post-2020”. JIKO Policy Paper 03/2020. Wuppertal Institut für Klima, Umwelt, Energie.

As a consequence of the Paris Agreement’s bottom-up nature, most country commitments for 2021-2030 suffer from incompleteness (e.g. not covering all sectors or GHGs) and a lack of ambition. The private sector does not only have a responsibility for its own GHG emissions but also the leverage to strengthen the Agreement and support countries around the world to submit more complete and more ambitious commitments.⁸

Corporate Climate Strategies: The building blocks...

It is the Paris Agreement’s declared goal to limit global warming to possibly 1.5°C. According to the latest science, this translates into achieving global net-zero GHG emissions by mid-century. In order to be considered effective and credible, companies’ climate strategies need to contribute to this societal goal by addressing three major building blocks in their climate strategy: (1) ambitious emissions reduction, (2) additional financial commitment for remaining emissions, and (3) dedicated advocacy for climate action (see Figure 1).

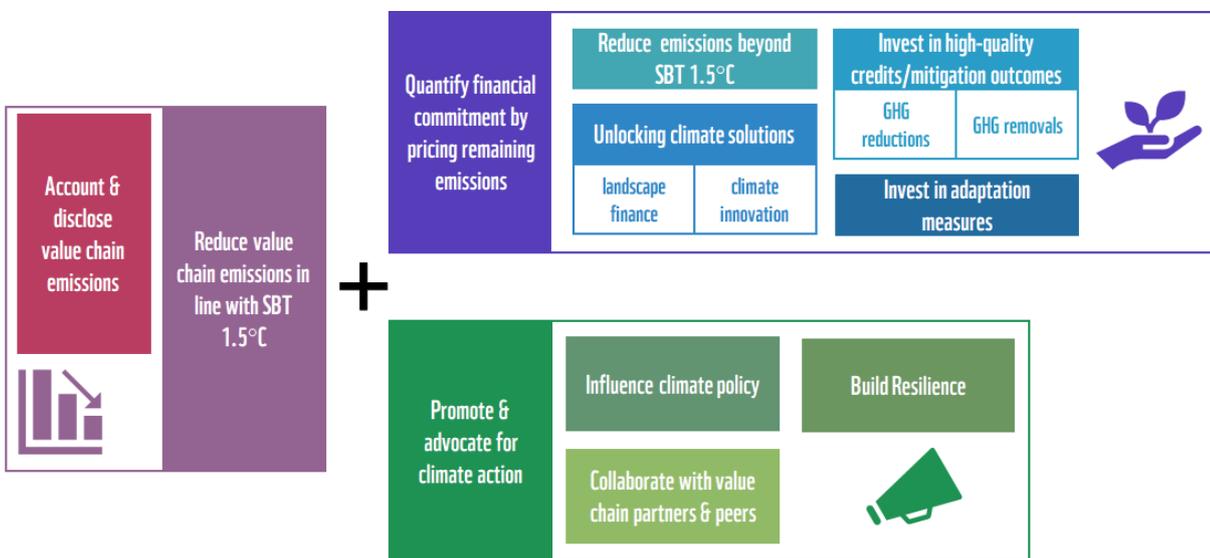


Figure 1: Building blocks of corporate climate strategies⁹

⁸ In this regard, voluntary investments in climate projects play a crucial role. Especially when channelled into non-credit-issuing projects these investments equal a de facto donation of emission reductions to the national emission inventories of projects’ host countries and thus allow them to set more ambitious commitments.

⁹ Adapted from **WWF & BCG (2020)**: “Beyond Science-Based Targets: A Blueprint for Corporate Action on Climate and Nature”.

...Reduce within...

The main building block of effective corporate climate strategies are ambitious emissions reductions in line with what science says is necessary to achieve the 1.5°C temperature limit (see Figure 1). Therefore, companies need to first and foremost

- drastically cut their emissions and decarbonize their value chains in compliance with a science-based 1.5°C pathway.
- conserve and protect existing biogenic carbon stocks in their value chains and not compromise them through any business activities.¹⁰

Science-based reduction targets¹¹ provide the mid-term milestones needed to steer companies' and their partners' efforts towards the long-term goal of zero emissions and the value chain's full decarbonization. The value chain includes all: the supply chain, the companies added value, and the use and disposal of the products and services provided.

An effective and credible emissions reduction strategy further relies on the accurate accounting of companies' value chain emissions. In order to determine baseline emissions, set science-based reduction targets and track progress companies hence need to create, regularly update and publicly disclose a GHG inventory for all emission scopes along internationally recognized standards.¹²

	<ul style="list-style-type: none"> • GHG Protocol-compliant, fully disclosed & annually updated inventory for all GHG emission scopes • SBTi 1.5°C-compliant reduction targets for all GHG emission scopes • track record of mitigation measures adequate for reaching SBTi 1.5°C-compliant reduction target • external validation of progress towards reaching SBTi 1.5°C-compliant reduction targets at least every 5 years
--	---

Box 1: Criteria for corporate climate strategies' reduce block

...finance beyond...

Following the dual objective outlined above, a Paris-compatible climate strategy effectively combines the ambitious abatement of GHG emissions with conserving and expanding natural carbon sinks and mobilizing further long-term storage options, thereby removing GHG emissions from the atmosphere. This dual approach is needed to effectively tackle climate change and investing in natural carbon sinks is not an alternative to reducing emissions but a necessary complement.

In the Kyoto world, such investments were often termed “compensation” projects: financing abatement measures or carbon sinks outside a company's value chain instead of within and claiming the GHG reductions as offsets for companies' own emissions. Due to the Paris Agreement's global coverage, companies cannot use such “compensation” projects anymore in the same way. Neither do they qualify for achieving science-based GHG reduction targets.

We also need to acknowledge that up to 40% of one ton of CO₂e emitted from fossil fuels stays in the atmosphere for more than 1.000 years¹³ and therefore is not the same currency as storing one ton of CO₂e for instance in a forest, whose carbon storage can probably be guaranteed for 20 or 30 years only (permanence). It is also difficult to prove that no other forest is cut in another place to satisfy global demand for wood or agricultural land (leakage). While these two types of currency are inherently non-fungible¹⁴, we urgently need more investments in nature based solutions to fight against climate change and stop biodiversity loss.

¹⁰ This logically links companies' climate ambitions with commitments for deforestation- and conversion-free supply chains, particularly relevant when sourcing high-risk commodities in high-risk areas.

¹¹ The **Science-Based Targets Initiative** provides validated methodologies and abundant guidance for setting science-based reduction targets in the corporate sector.

¹² The WRI's **Greenhouse Gas Protocol** provides validated methodologies and abundant guidance for creating corporate GHG inventories.

¹³ IPCC, 2013: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

¹⁴ For the compliance market under the Clean Development Mechanism (Kyoto-world) this distinction was correctly made by introducing temporary certificates next to permanent ones.

This implies that such investments should not be removed from companies' climate toolkit. On the contrary, even companies with a science-based reduction target will continue to emit GHGs across their value chains before reaching a near zero emissions level and companies should financially commit to these emissions. With this commitment, they can finance further emissions reductions, unlock climate solutions through innovation or fund additional climate mitigation and removal projects such as the use of renewable energy or the conservation, restoration and expansion of natural carbon sinks (see Figure 1). All these investments, however, need to come in addition to emission reductions and cannot be "matched up" with remaining emissions to support any neutrality-claims.

In order to broaden the scope and scale of these investments and encourage quality solutions which respect the nature of different climate projects, these investments should go beyond a simple CO₂e-metric and the traditional idea of offsetting a certain number of tons of CO₂e by an equal number of carbon credits. Instead, they should be sized by multiplying all yet-to-abate GHG emissions¹⁵ – i.e. all emissions that will occur until companies reach a near zero emissions level across their value chains – with an adequate carbon price (see Box 2). Such an approach would not peer hard at yielding the cheapest possible carbon credits but favor climate-effective investments and high quality projects, which might not immediately generate carbon credits but instead maximize co-benefits across various ecological dimensions (climate, biodiversity, water etc.) and the UN SDGs more broadly.¹⁶

One way to quantify the volume of additional climate finance is to estimate the external or social costs of remaining GHG emissions. Some countries such as Germany and Switzerland¹⁷ have issued estimates of the external/social costs of carbon that could be used for this purpose. A minimum estimate of USD 80 per ton of CO₂e¹⁸ should be applied in those countries where no higher national estimates are used. These values need to be updated on a regular basis. Multiplying residual emission with the chosen carbon price determines the sum to be invested in climate projects until companies achieve their zero emission targets.

Internal carbon pricing proved to be instrumental in both raising the needed funds and incentivize the emitting units to reduce their emissions. But other ways of fundraising like classical sponsoring or customer-focused CRM campaigns can be equally useful sources for funding additional climate projects.

Example: A German company may have yearly GHG emissions of 10'000 tons CO₂e in 2020. The company follows a 1.5° SBTi pathway and reduces its emissions 40% by 2030. Therefore, the remaining emissions from 2021 through 2030 cumulate to 80'000 tons CO₂e. According to the recommendation of the **German Environmental Agency** (p.8, Table 1) the average damage costs for this period equal 190 Euro/t CO₂e is assumed. This means that this company causes damage costs of 15.2 million Euros from 2021 through 2030. This is the expected level of company investments in climate projects over this period.¹⁹

Box 2: Calculating the budget for additional climate finance

	<ul style="list-style-type: none"> • all criteria for "reduce" • commit to investments equaling the social costs of carbon of a company's yet-to-abate GHG emissions • These financial resources are freely allocated for investing in: <ul style="list-style-type: none"> - further reducing company or value-chain emissions, - unlocking climate solutions - landscape finance and/or climate innovation (e.g. green finance, start-ups etc.) - climate mitigation projects outside the value chain - GHG reduction projects (e.g. renewable energy use) and/or GHG removal projects (e.g. carbon storage through forest conservation) - climate adaptation projects outside the value chain
---	---

Box 3: Criteria for corporate climate strategies' finance block

¹⁵ Of course, companies' investments into climate projects do not need to be limited to their yet-to-abate emissions but could take into account their historical emissions or be continued even after emissions have reached a near zero level.

¹⁶ Quality criteria for designing effective climate projects and third-party certification can be found [here](#).

¹⁷ [UBA](#) (2019), [ARE](#) (2015)

¹⁸ [World Bank](#) (2020), [CLPC](#) (2017). This guidance does not imply that more costly mitigation measures should not be realized or be postponed.

¹⁹ If the company follows the same emissions reduction pathway it would emit 40'000 tons CO₂e in the period 2031-2040 and the damage costs would slightly increase to 210 Euro/t resulting in a climate finance commitment of 8.4 million Euro for the next period.

From a company perspective, there are two ways to deal with projects that reduce or remove GHG emissions:

1. If the host country makes corresponding adjustments for the emissions reduced/removed [i.e. meaning it does not count them against its own NDC mitigation target], the company buying resulting carbon credits can claim these mitigation outcomes for itself. In this case, a compensatory claim is technically possible (but in our view not the best way forward) and the reductions achieved through the project are going beyond the NDC of the host country.
2. If the host country does not make corresponding adjustments for the emissions reduced/removed, we strongly advise to not issue any carbon credits for these investments, in order to avoid double claiming. Instead, companies should “donate” any emission reductions to host countries, thereby helping them to achieve and step up their NDC. In this case, a compensatory claim for these investments is not possible, but a financing claim is still possible (see box 5), focusing on the project’s various benefits and positive impacts. In this sense, verification may be needed as results-based evidence for projects’ various sustainability impacts. The verification process would not yield tradable and accountable carbon credits, but guarantee a verified result based investment.

This option 2. is readily available and allows to make relevant investments in nature based solutions. As, in all probability, corresponding adjustments will not be available in the near future, neither in adequate quantity nor in sufficient quality, option 1. may not be a feasible option for now but should still be pursued with the aim to improve both quality and ambition of host countries’ NDCs.

...and advocate for climate action

In order to facilitate and accelerate the global transition to net-zero GHG emissions, companies should further advocate for and help others mitigate climate change and build resilience (see Figure 1). Beyond taking responsibility for company and value chain emissions, this entails enabling others’ climate action by providing

- political support, e.g. lobbying for Paris-compatible regulation and public spending at the national and international level.
- informational support, e.g. standardizing climate action and building mitigation capacities among peers, employees, customers and partners.
- strengthening long-term resilience of ecological systems, society and indirectly the company itself

Such promotional and advocacy work is crucial for leveling the playing field for all companies within and across sectors, closing the current ambition gap and sharing the effort of fighting climate change among more and more businesses. Hence, advocating for climate action among peers, partners and regulators not only creates the momentum companies need to achieve their climate goals, but it also helps shape the conditions under which a decarbonized economy can thrive.

	<ul style="list-style-type: none"> • all criteria for “reduce” • track record of advocating for Paris-compatible climate policies at sectoral, national and possibly international level • track record of advocating and collaborating for zero GHG emissions path & measures among a company’s suppliers, peers, employees & customers • track record on building eco-societal resilience
---	---

Box 4: Criteria for corporate climate strategies’ advocacy block

In order to effectively mitigate climate change and fully respect the Paris Agreement’s implications for the private sector, companies should henceforth build their climate strategies around the three above described building blocks – ambitious reduction, additional finance, and dedicated advocacy.

Corporate Climate Communication: transparent & honest claims

In order to enable the broader public to effectively distinguish between impactful and credible climate action on the one, and greenwashing on the other hand, corporate climate communication needs to be transparent and precise. In this regard, measuring and reporting companies' scope 1, 2 and 3 emissions on a continuous basis, as well as disclosing the key performance indicators through which progress is tracked, is absolutely crucial.

With climate change being one of this century's greatest societal challenges, most companies want to communicate how they understand their role in tackling this challenge and contribute to limiting global warming. Corporate climate communication helps them keep their license to operate in a zero carbon economy. At the same time, it is a major instrument for advocating climate change mitigation, creating momentum among peers and partners and hence integral part of impactful climate strategies.

But the leverage of corporate climate communication is also the reason why claims used to communicate climate action need to be precise, verifiable and true rather than catchy. Therefore, companies should step back from ambiguous and obscuring catch-all or stand-alone claims (see Box 6) - most of them are conceptually unclear or used in misleading ways or even both. Instead, corporate climate communication should reflect companies' Paris-compatible climate strategies and highlight the ambitions, actions and achievements behind its various elements (see Box 5).

Reduction claim, e.g. "reducing GHG emissions in line with science"

"In line with the Paris Agreement, we have decided to take a science-based path towards reaching zero GHG emissions no later than [year]."

"In line with the Paris Agreement, our company is on track towards reaching zero GHG emissions in [year]."

Finance claim, e.g. "funding the fight against climate change"

"In addition to following a science-based zero GHG emissions path, we have decided to financially commit [amount €] to [climate project]"

"In line with the Paris Agreement, we have not only decided to take a science-based path towards reaching zero GHG emissions but to additionally invest the equivalent of our remaining emissions in natural carbon sinks."

Engagement claim, e.g. "helping others mitigate climate change"

"In addition to following a science-based zero GHG emissions path, we have decided to [use our influence / share our expertise] [on project/with partner] to enhance our [sector / market / society's] contribution to reaching global net-zero emissions."

Box 5: Aspirational claims for Paris-compatible corporate climate communication²⁰

Product claims, used to highlight products' allegedly positive and to downplay their negative impact on climate, in this sense, are stand-alone claims. They allude to a Paris-compatible, company-wide climate strategy while often referring to a single product (line) only. Such claims, especially when based on compensation projects' carbon credits and combined with not substantiated neutrality claims, are deceptive and need to be avoided.

²⁰ We are aware that these are not headline or marketing claims as often used today. In the next iteration of these recommendations we intend to offer such options.

Instead, claims on products should transparently state how these contribute to the above described elements of companies' climate change mitigation strategies²¹ (see Figure 1 and Box 3) or at least how they make up for caused damage.²²

<p>Catch-all claims are widely used umbrella concepts without clear definition and/or usage, thereby insinuating a certain meaning without specifying it.</p>	
<p>climate/carbon neutrality²³</p> <p>e.g. "we will achieve climate neutrality by [year]"</p> <p>"this product is carbon neutral"</p>	<p>The terms "carbon/climate neutrality" are misleading because:</p> <ul style="list-style-type: none"> • suggest that a product or company does not emit GHG or contribute to climate change. This may be the case only once we have achieved global net-zero emissions or if the claiming company is able to prove permanent storage of remaining value chain emissions. • are used by companies that offset not-yet-abated emissions often through ill-priced and non-permanent credit-issuing projects. These do not reflect the social costs of GHG emissions, distract from necessary mitigation efforts in the value chain and lead to double claiming in the context of the Paris Agreement. <p>Therefore, these terms should be avoided in order to avoid greenwashing criticism.</p>
<p>Stand-alone claims are pars-pro-toto claims referring to (often very relevant) individual mitigation measures and alluding to holistic mitigation strategies without guaranteeing them.</p>	
<p>compensation</p> <p>e.g. "we compensate for our - not yet minimized - carbon footprint by investing in [sequestration project]."</p>	<p>This claim is misleading as a stand-alone claim for the following reasons:</p> <p>Under the Kyoto Protocol, "compensation"</p> <ul style="list-style-type: none"> • means offsetting emissions with carbon credits issued by climate projects elsewhere • means substituting mitigation efforts within the value chain, with mitigation efforts outside the value chain <p>This is no longer possible under the Paris Agreement.</p>
<p>renewable energy</p> <p>e.g. "this product was produced with 100% renewable energy"</p>	<p>This claim is misleading as a stand-alone claim because sourcing renewable energy:</p> <ul style="list-style-type: none"> • is an important instrument for reducing a company's carbon footprint and thus an integral part of every climate strategy • effectively tackles climate change only if the sourced energy follows certain quality criteria²⁴ • is only one measure in a comprehensive climate strategy toolkit • thus, should not give rise to a stand-alone claim alluding to more holistic climate strategies without guaranteeing them.

Box 6: Potentially misleading claims & why to avoid them

²¹ Such claims can equally point at a company's own climate strategy (e.g. [contributes to financing climate projects] for climate responsible investments) and at a potential customer's (e.g. [helps you achieve your net-zero goal] for better than market average products).

²² For airlines, for example, following a 1.5°C path and still providing the same volume of air travel would mean to switch in large volumes to synthetic fuels made from renewable power and invest in climate projects to compensate for remaining non-CO₂ warming effects. Right now, such a strategy is expensive and may hamper their competitiveness. However, shifting to renewable fuels and making investments in climate projects reflecting the social costs of remaining non-CO₂ emissions (see Box 1) would be compliant with the spirit of this guidance.

²³ For a conceptual distinction between carbon neutral, climate neutral and other claims please see **SBTi** (2020): "Foundations for Science-Based Net-Zero Target-Setting in the Corporate Sector", p. 9-11.

²⁴ In many countries, WWF guidelines and buyers' alliances support companies in sourcing high-quality renewable energy.

Why this is a win-win strategy

These recommendations are not only the logical transition from the Kyoto into the Paris era but also offer a number of benefits for both businesses and the climate:

- **True transformation:** Corporate climate strategies become truly transformative, both internally and externally, keeping climate change risks at bay while paving the way towards a zero carbon economy.
- **Credible communication claims:** Companies' climate communication becomes precise and honest enough to escape the greenwashing trap, build trust among stakeholders and create momentum among peers and partners.
- **Enhanced quality and scale of climate action:** Due to higher funds and projects' increased credibility, the number of climate projects with co-benefits that can be financed grows, acknowledging inherent non-permanence and leakage issues with nature-based solutions.
- **Building on past infrastructure:** Existing methodologies, monitoring and reporting systems built-up in the Kyoto era's voluntary carbon market can still be used to define good quality projects and quantify result-based finance.
- **Stronger signals and links from the private sector to NDCs:** The future trade of mitigation outcomes with corresponding adjustments is not excluded while the problem of double claiming is solved. Through corresponding adjustments and/or the donation of mitigation outcomes to host countries, the quality and ambition of existing NDCs can be enhanced and the Paris Agreement be strengthened.

The way forward

for companies' climate strategists

The Paris Agreement sets a different scene for corporate climate strategies and asks for bold action from all actors. Today, too many climate strategies do not fully account for companies' negative footprint, let alone effectively tackle global warming.

Corporate climate strategists should therefore

- make your company's climate strategy "Paris-fit", linking science-based decarbonization with additional climate finance and impactful advocacy.
- do justice to climate action's strategic nature by anchoring it across departments and engaging external stakeholders.
- use credible claims to transparently communicate the company's climate journey and take action against misleading communication.

for clients & consumers

More and more products are labelled "carbon/climate neutral". In most cases, this "neutrality" is achieved through offsets with lacking additionality or permanence and not through ambitious abatement - and is therefore not compliant with the Paris Agreement.

Consumers should therefore

- critically question such products' positive effect on tackling climate change and re-evaluate their purchase decision.
- engage with the producing company's customer service and demand Paris-compliant climate strategies and claims.
- take action against such intransparent and misleading claims by reporting them to consumer protection offices and WWF

for climate project developers & consultants

Under the Paris Agreement, investments in professionally managed climate projects and the verification of their impact are as important as before. The popular “offsetting” project, however, is in breach with the new requirements.

Climate project developers & consultants should therefore

- avoid emission gains’ double claiming & issue credits for the voluntary carbon market only with previously secured corresponding adjustments.
- design projects - and certificates - as high-quality climate finance contributions, and inform that these mitigation outcomes shall not be used as offsets supporting invalid neutrality claims.
- issue clear guidance for customers on credible and substantiated claims in line with the Paris Agreement, as described in this paper.

for nature conservation & civil society groups

Tackling climate change is an undertaking like no other and will require continuous learning and improvement by all stakeholders.

In our future work, we will therefore need to address key topics such as

- understanding how climate claims can adequately reflect and advance Paris-compliant corporate climate strategies.
- providing additional specific guidance on how to quantify a financial commitment relative to a company’s impact and financial means.
- developing detailed guidance on the selection and procurement of nature-based solutions.

Co-authored by

Juliette de Grandpré, WWF Germany; Patrick Hofstetter, WWF Switzerland; Sebastian Öttl, WWF Germany

Acknowledgements

We would like to acknowledge feedbacks on and contributions to previous drafts from Erika Bellmann, WWF Germany; Elmar Grosse Ruse, WWF Switzerland; Jennifer Hacking, WWF DRC; Sylvia Meyer, WWF Switzerland; Damian Oettli, WWF Switzerland; Katrin Oswald, WWF Switzerland; Brad Schallert, WWF US; Karl Schellmann, WWF Austria; Lisa Simon, WWF Austria; Chistian Som, WWF Switzerland; Yougha van Laer, WWF Germany

WWF Switzerland

Hohlstrasse 110
PO Box
8010 Zürich

Tel.: +41 (0) 44 297 21 21
Fax: +41 (0) 44 297 21 00
wwf.ch/contact

Donations: PC 80-470-3



Our Mission

Together, we protect the environment and create a future worth living for generations to come.