



## **UK Carbon Code of Conduct guidance on Corporate Climate Action**

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### **The Role of the voluntary carbon market and Net Zero Journey claims**

The UKCCC supports all climate action that can be accurately measured, reported and verified as real and tangible. Every UKCCC Greenhouse gas removal or reduction credit is equivalent to a tonne of CO<sub>2</sub> removed from the atmosphere or a reduction in emissions through a change in practice and/or the development of a project. Each tonne of CO<sub>2</sub> removed and converted to a credit can be clearly traced back to a UKCCC approved project whose benefits are logged on the UKCCC approved registry.

All UKCCC projects that issue credits have themselves achieved net zero CO<sub>2</sub>e emissions and are only able to sell the excess net carbon removal as credits, having assured additionality and avoidance of leakage. They have achieved this through a process of accurate emissions and carbon sequestration and storage balance calculations, monitored and reported on an annual basis.

The UKCCC believe that voluntary carbon credits are a valuable tool to help companies reach net zero, provided they follow the best practice guidance laid out below.

The UKCCC believes that good quality offsets offer a robust mechanism to help achieve 2050 (at the latest) net zero targets. It believes that they represent better value for money than compliance market or carbon taxes as the investment in credits from UKCCC projects creates an amplification effect and significant impact through a clearly defined, validated approved, measured, reported and verified process.

The UKCCC does not support sales of credits below a rate of £20 per credit as it is imperative that the investment leads to projects that deliver climate impact, being developed and that they act as an incentive to accelerate emissions reduction plans. This figure will be reviewed by the UKCCC board each year.

The UKCCC will certify a companies Net Zero Journey if it meets the best practice laid out in this policy document.



## **Internal Carbon Accounting**

Internal carbon accounting refers to the practice of measuring and managing the carbon emissions of an organization's operations and activities. It involves quantifying the amount of greenhouse gases, specifically carbon dioxide (CO<sub>2</sub>) and other carbon equivalents and reported as CO<sub>2</sub>e emissions, that are produced as a result of the organization's energy consumption, transportation, waste management, and other business processes.

Internal carbon accounting provides organizations with a comprehensive understanding of their carbon footprint and allows them to track and monitor their emissions over time. By collecting and analysing data on emissions, organizations can identify areas of high emissions and implement strategies to reduce their carbon footprint.

The process of internal carbon accounting typically involves data collection, measurement, and calculation of emissions. This includes assessing energy consumption, fuel usage, greenhouse gas emissions from transportation, and other relevant factors. The data is usually converted into CO<sub>2</sub> equivalent emissions, which allows for easier comparison and aggregation of different greenhouse gases.

Internal carbon accounting not only helps organizations meet their environmental sustainability goals but also enables them to identify cost-saving opportunities. By understanding their emissions profile, organizations can implement energy efficiency measures and adopt renewable energy sources, reducing their energy consumption and associated costs.

The UK Carbon Code of Conduct recommend that corporations use an internal CO<sub>2</sub>e value of £50 per tonne, although not yet a cash cost, this should help companies to formulate investment policies, always ensuring that the carbon cost is considered alongside any financial decision.

Moreover, internal carbon accounting can support organizations in complying with regulatory requirements related to emissions reporting. It also contributes to building a positive brand image by demonstrating a commitment to sustainability and environmental responsibility.



## **Best Practice Guidance to ensure the environmental integrity of voluntary corporate action and Net Zero journey claims**

- All Net Zero plans shall be developed by a third party project developer, and shall align with the Science Backed Targets Initiative (SBTI)
- SMEs can follow a streamlined process provided they fit the criteria of employing less than 500 people and are not a financial institution or oil and gas company or allied industry.
- No UKCCC certified Net Zero Journey shall be based on buying carbon credits
- Corporates must measure and publicly report their emissions covering scopes 1,2 and 3 following recognised standards such as ISO/GHG Protocol. The emissions figures must be audited by a third party.
- Corporates must create an emissions reductions plan in line with Science Backed Targets and the Paris Agreement. This needs to culminate in a net zero goal by 2050 at the latest. The reductions plan must include short-, medium- and long-term targets and actual results measured and annually reported against the targets.
- The target must be pragmatic, not seeking headline dates, a company that continually misses its recorded milestones shall have its target independently reassessed and if required redesigned.
- The UKCCC proactively advocates for corporates to follow one of the independent initiatives that help define Paris aligned decarbonising pathways and the setting of science-based climate targets in a transparent, rigorous and accountable way.
- Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.
- Having followed the steps above, corporates are encouraged to buy UKCCC approved credits from one of the approved marketplaces. This should only be done to offset residual (hard to eliminate) emissions and as part of a journey to net zero by 2050.
- No company on a UKCCC certified Net Zero Journey shall be investing in the continuation of fossil fuel usage.
- Absolute emissions shall not rise after year 5 of the start of the plan, after year 5 absolute emissions must be reducing as per the emissions reduction plan.