



OIL AND GAS CLIMATE INITIATIVE

# OGCI position on Natural Climate Solutions

**OGCI supports scaling up the use of high-quality natural climate solutions to address climate change and support the Paris Agreement**

FEBRUARY 2021

## WHY NATURAL CLIMATE SOLUTIONS ARE CRITICAL TO ADDRESSING CLIMATE CHANGE

Natural Climate Solutions (NCS) comprise the conservation, restoration and sustainable use of forests, grasslands, mangroves, agricultural soils, wetlands, and other ecosystems in ways that mitigate climate change and enhance climate resilience. The restoration of forests or agricultural soils can, for example, increase forest and soil carbon stocks removing carbon from the atmosphere. As another example, the protection of coastal wetlands can protect their carbon stocks and provide coastal protection from flooding and erosion.

NCS have the potential to deliver through 2030 at least a third of the cost-effective CO<sub>2</sub> mitigation needed for emissions to be aligned with the goals of Paris Agreement<sup>1</sup>. IPCC scenarios, which lay out many paths to achieve net zero emissions, demonstrate that the inclusion of NCS allows for a faster and less costly transition for society. While NCS are critical to tackling climate change, the current deployment of NCS and the inclusion of NCS in the Nationally Determined Contributions (NDCs) to the Paris Agreement do not reflect the full potential of NCS.

NCS that ensure social and environmental integrity, while also helping protect resilience of communities to the impacts of climate

change, can provide a range of other benefits for society, such as economic growth and diversification, improvement of human health and livelihood and protection of biodiversity and water resources, in line with UN Sustainable Development Goals.

OGCI supports policies, national strategies and initiatives that aim to scale up the use of high-quality NCS as a complementary decarbonization tool. Policies are an important part of successful national climate strategies. Well-designed policies and regulations, so as to achieve a balance of greenhouse gas emissions between sources and sinks aiming for a net zero future, should take into account energy security, market stability, affordability as well as reliability to ensure promotion of sustainable development.

<sup>1</sup> "Natural Climate Solutions", PNAS, October 2017 (<https://www.pnas.org/content/114/44/11645>)

# OGCI supports scaling up the use of high-quality natural climate solutions to address climate change and support the Paris Agreement

## NCS ARE COMPLEMENTARY SOLUTIONS IN THE ENERGY SECTOR DECARBONIZATION PATHWAY

NCS do not substitute the need to intrinsically decarbonize the energy sector, but NCS can contribute to greater ambition, as the world's energy systems are transformed. The primary focus of OGCI is the contribution to help address climate change solutions with particular emphasis on the energy value chain. OGCI member companies prioritize avoiding, reducing, reusing and recycling greenhouse gas (GHG) emissions and will continue to do so in addition to any removal notably through NCS activity.

OGCI believes that greater use of NCS, among other solutions, will benefit the climate, ecosystems, and people. OGCI also believes that the most effective ways for greater use of NCS is through sound policies, and by mobilizing NCS investments.

## OGCI SUPPORTS SCALING UP THE USE OF HIGH-QUALITY NCS

There is a widespread, global recognition of the inherent importance of biodiversity and ecosystems services as well as the importance of NCS as a contribution to addressing both the causes and consequences of climate change. OGCI is exploring ways to catalyze NCS on a scale that will create tangible tools to address climate change and bring meaningful co-benefits. These collective actions would be in parallel with and complementary to member companies' own activities, notably through studies, engagement, and collaboration on efforts to:

- **Develop and transfer knowledge and technology:** OGCI is working on identifying knowledge and technology gaps in NCS that may have the most significant impact on the scale-up of NCS. Our aim is to collaborate and contribute to help close these gaps and encourage technology and knowledge sharing with the wider world.
- **Apply best practices in our own operations and actions:** OGCI member companies promote a high level of environmental and social integrity and responsibility through their NCS projects. OGCI is working with IPIECA to develop updated guidelines for our industry aiming to protect, enhance and restore environments and ecosystems, especially those of high-carbon value, related to their operational sites.

## OGCI SUPPORTS THE NCSA DRAFT GUIDING PRINCIPLES

These stipulate that:

- NCS can and should raise ambition with respect to climate action, enhancing rather than diluting a nation's or a company's contribution to the Paris goals. Carbon credits should be used in conjunction with the GHG emissions mitigation hierarchy. Avoiding, minimizing, and reducing emissions should be prioritized and continue in addition to the use of NCS credits.
- NCS credits can provide an interim solution for hard to abate emissions, but not a permanent one. For unavoidable emissions, carbon sinks – potentially including natural sinks – will always be needed to achieve net zero. NCS credits should be considered an enabling solution that will support long-term sustainable land use.

- **Establish sound NCS policy:** OGCI is a supporter of the NCS Alliance<sup>2</sup> (NCSA), aiming to scale up NCS for meaningful contribution to the achievement of the goals of the Paris Agreement. OGCI supports the NCS Alliance guiding principles (currently in draft form) and encourages its industry peers to consider joining this coalition following these principles.

- NCS investments should deliver environmental and social safeguards and benefits in addition to GHG emissions reductions. For example, the preservation of a given forest could enhance a wide variety of ecosystem services to the benefit of local and indigenous communities' livelihoods.
- Sound and verified carbon measurement and accounting methodologies must be applied to ensure high integrity of NCS credits. Emissions reductions and removals must be real, quantifiable and verifiable, with issues of additionality, leakage and permanence appropriately addressed.

### **COUNTRIES CAN STRENGTHEN THE ROLE OF NCS IN THEIR NATIONAL CLIMATE STRATEGIES**

As OGCI member companies, we support the Paris Agreement and its aims. We recognize that NCS represent one of the largest and most readily available options for reducing greenhouse gas emissions. However, challenges remain to maximize the potential of NCS responsibly.

As such, OGCI supports the International Union for Conservation of Nature (IUCN) recommendations developed for Nature-based Solutions (NbS) but also applicable to policies and measures that support NCS in NDCs. The IUCN recommendations are complementary to the NCSA guiding principles, in particular the need for robust and measurable targets on a large variety of ecosystems, the need to consider climate change adaptation and the importance to maintain reporting clarity.

In addition, OGCI believes in the need to rely on the best available framework to qualify NCS credits, integrating high quality practices, such as including high environmental and social integrity and avoiding double counting.

### **OGCI SUPPORTS THE RECOMMENDATIONS PUBLISHED BY IUCN<sup>3</sup>, IN BRIEF:**

1. Build on the increasing global recognition of the importance of ecosystems for addressing both climate change mitigation and adaptation, and fully incorporate NbS into future NDCs
2. Include NbS actions across a wide range of key naturally occurring ecosystems
3. Step up NbS actions that simultaneously address climate change adaptation and mitigation, as well as support sustainable development and biodiversity conservation
4. Include measurable and robust NbS targets in NDCs and associated national implementation plans<sup>4</sup>
5. Align NDCs with other relevant national plans and international processes
6. Mobilize funding for NbS to climate change
7. Include key NbS-relevant information in revised or new NDCs to help track the level of ambition for nature more systematically

3 "Nature-based solutions in nationally determined contributions", International Union for Conservation of Nature (IUCN) and University of Oxford, 2019

4 OGCI also recognizes that IPCC latest guidelines are useful. The IPCC's 2019 Refinement to the 2006 Guidelines aims to make it easier for inventory compilers to use Guidelines and has a dedicated Volume (4) on Agriculture, Forestry and Other Land Use (AFOLU)



## WHAT IS THE OIL AND GAS CLIMATE INITIATIVE (OGCI)?

The Oil and Gas Climate Initiative is a CEO-led initiative that aims to accelerate the industry response to climate change. OGCI member companies explicitly support the Paris Agreement and its aims. As leaders in the industry, accounting for almost 30% of global operated oil and gas production, we aim to leverage our collective strength and expand the pace and scope of our transitions to a low-carbon future, so helping to achieve net zero emissions as early as possible.

Our members collectively invest over \$7B each year in low carbon solutions. OGCI Climate Investments was set up by members to catalyze low carbon ecosystems. This US\$1B+ fund invests in technologies and projects that accelerate decarbonization in oil and gas, industry and commercial transport.

## OUR APPROACH TO ADVOCACY

OGCI is at the forefront of climate action in the oil and gas sector. OGCI constructively engages and advocates with external stakeholders on the basis of positions agreed by consensus.

For more details about our advocacy practices, please visit <https://oilandgasclimateinitiative.com/about-us/#advocacy>

For more information about this position paper, please contact Julien Perez, VP Strategy & Policy, OGCI or Justine Roure, Project Manager, OGCI at [policy@oilandgasclimateinitiative.com](mailto:policy@oilandgasclimateinitiative.com)

[oilandgasclimateinitiative.com](https://oilandgasclimateinitiative.com)



### LEGAL DISCLAIMER

While all OGCI member companies have contributed to the development of this document, the views or positions it contains may not fully reflect the views of a particular OGCI member company. Similarly, this document does not cover all relevant activities of OGCI member companies; nor do all member companies participate in all of the activities described.

### CAUTIONARY STATEMENT

This document contains certain forward-looking statements – that is, statements related to future, not past events and circumstances – which may relate to the ambitions, aims, targets, plans and objectives of OGCI and/or its member companies – as well as statements related to the future energy mix.

Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside of the control of OGCI and/or its member companies. Actual results or outcomes may differ from those expressed in such statements, depending on a variety of factors. OGCI does not undertake to publicly update or revise these forward-looking statements, even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.