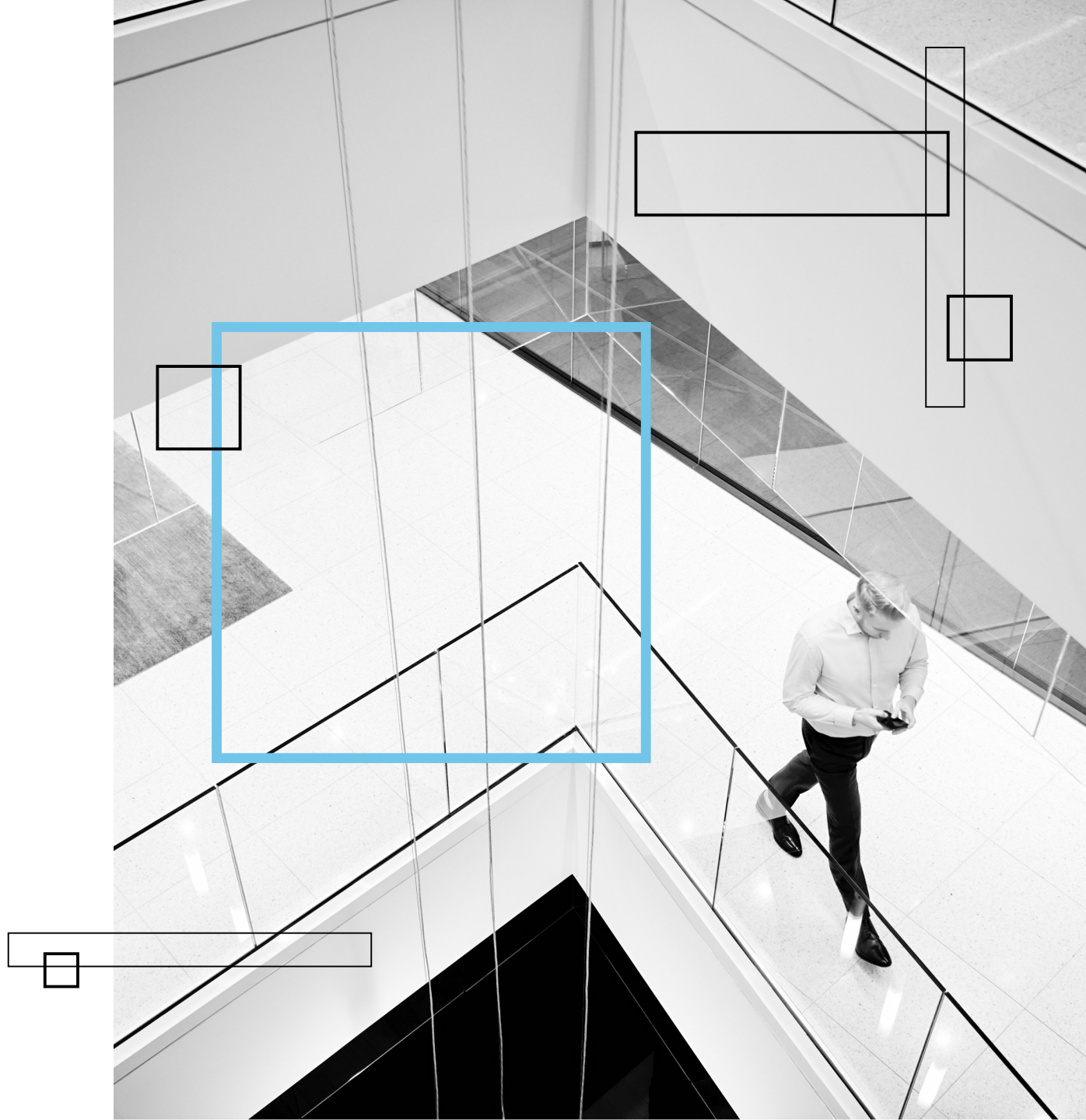




Voluntary Carbon Markets

CFTC | 2 June 2022



Agenda and objectives

What is the science behind net zero?

- Carbon budget
- Carbon cycle

Why do we need environmental markets and how do they work?

- Reconcile the science to the instruments

What role do project-based credits* play?

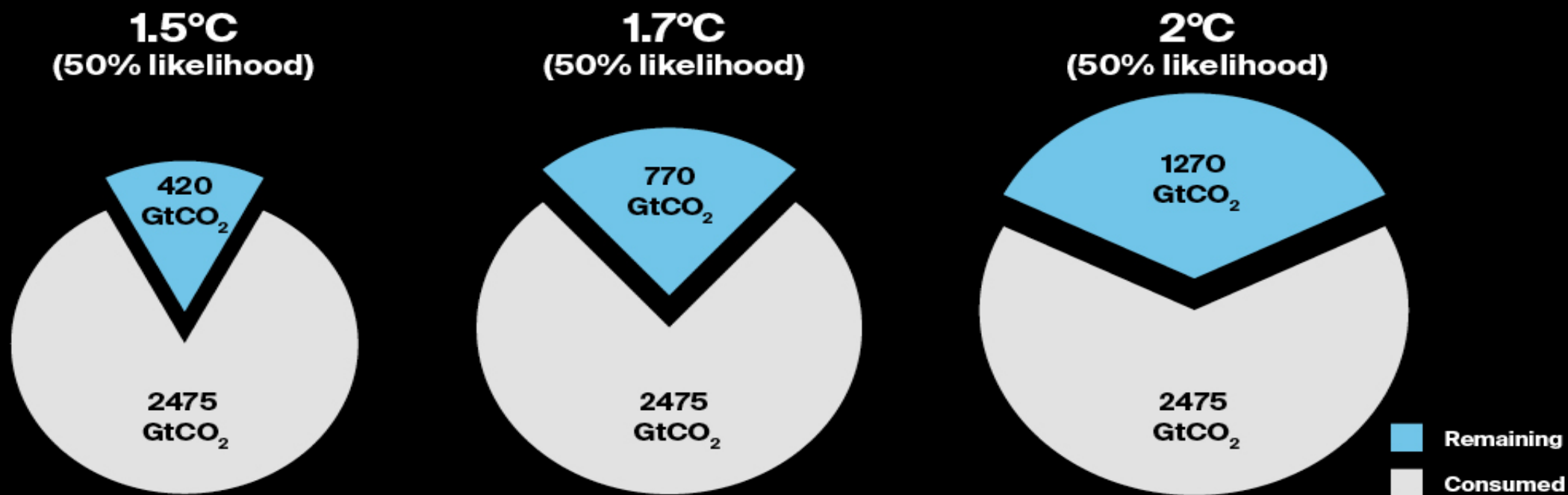
- Taxonomy and sell-side
- Buy-side



Macro theme - what is net zero?

Balancing the carbon budget

The remaining carbon budget to limit global warming from 2022



Quantities are subject to (additional) uncertainties e.g., future mitigation choices of non-CO₂ emissions

Source: IPCC AR6 WG1; Friedlingstein et al 2021; Global Carbon Budget 2021

Macro theme - what is net zero?

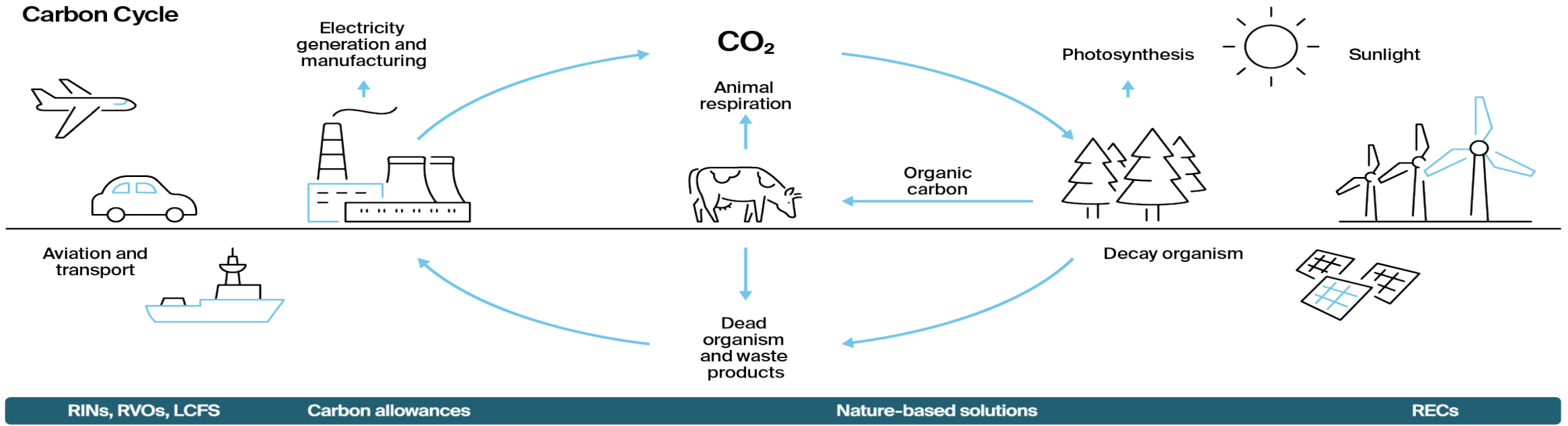
Energy transition + carbon sinks (natural capital + technology removals)

Getting to Net Zero: reduce/ remove emissions to manage the carbon budget

Transition to cleaner fuels + carbon sinks (ecosystems which absorb carbon)

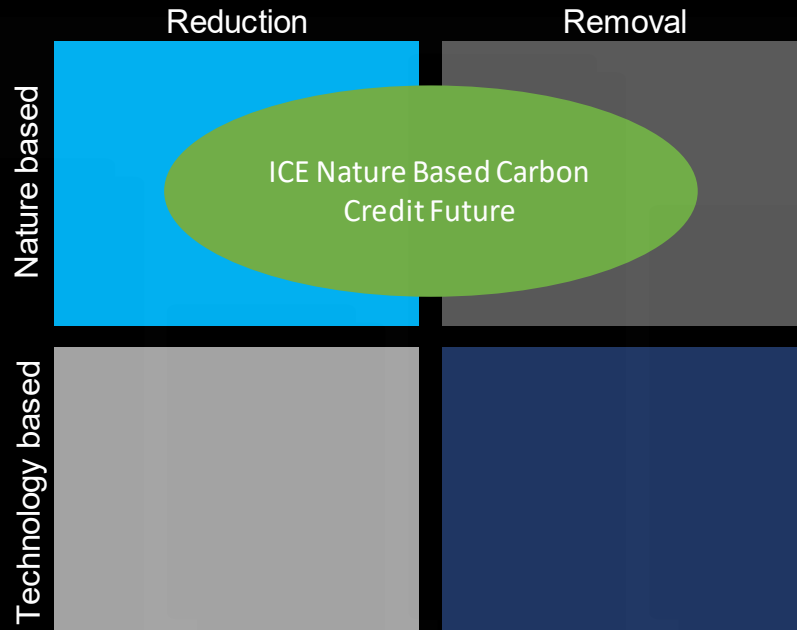


Carbon Cycle



Project based credits*

Taxonomy



Multiple standards & methodologies | no standardisation

Monitoring, reporting & verification (MRV) | precision

MRV bottlenecks | manufacturing a carbon credit

Standards and registries | market governance & cybersecurity

Buy-side | Who, How, What, When?

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