

INTERNATIONAL OFFSETS NEWSLETTER

APRIL 2020

Focus of the month: CORSIA



HIGHLIGHTS

- Carbon Markets News
- EcoSecurities in the News
- Press Releases
- **Focus of the month: CORSIA**

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QUESTIONS OF THE MONTH

- Do you think carbon offset pricing is transparent? How much would you consider it to be a fair price?
- Do you know what is the current size of the Voluntary Carbon Market?

*Submit your answers and get a **discount coupon** for one of EcoSecurities online solutions (to be launched soon)!

SUBMIT

HIGHLIGHTS

CARBON MARKETS NEWS

For the First Time, LNG Buyer Seeks Fuel With Pollution Credits

April 2, 2020 – Bloomberg Green

Singapore's largest liquefied natural gas buyer, Pavilion Energy Pte Ltd., took an important step in reducing pollution from fuel. In a recent major tender for LNG purchase, sellers were required to assess GHG emissions associated with each cargo produced, transported and imported into Singapore. Carbon offsets were also largely encouraged in sales deals. These are unique and extensive environmental terms that are setting the tone for future fuel supply tenders.

GCF Prepares to Deliver Ambition for COP 26

March 20, 2020 – IISD

From March 10-12th, the Green Climate Fund (GCF) Board met in Geneva, Switzerland and approved an additional USD 169.7 million in funding for public and private sector adaptation and mitigation projects and programmes. Starting off with this important announcement, 2020 marks the beginning of an important decade for climate action and finance.

World's carbon markets grow 34% in value to \$215 billion in 2019 - report

January 23, 2020 – Carbon Pulse

According to Refinitiv, the global carbon market grew by 34% in 2019, for the third consecutive year reaching \$215 billion in value, despite overall volumes traded decreasing by 4%. The main driver for this rise is attributed to the significant increase of EU ETS prices, going from €9 to nearly €25 between 2018 and 2019.

In East Asian first, South Korea announces ambitions to reach net zero by 2050

March 17, 2020 – Eco Business

South Korea, the seventh-largest emitter globally, announced its commitment to deliver net zero carbon emissions by 2050 through the adoption of an ambitious Green New Deal. Envisaged policies include carbon tax, phasing-out coal financing and massive investments in renewable energy.

UPDATE – EU ETS emissions may be 24% lower in 2020 due to coronavirus impact - analysts

March 27, 2020 – Carbon Pulse

EU ETS emissions could be nearly a quarter lower than previous projections in 2020 because of the impact of the coronavirus, according to analysts' preliminary assessment of the sweeping changes occurring as governments take drastic measures to contain the deadly bug.

EU ETS plant emissions dropped by over 8.5% in 2019, slightly more than analyst estimates

April 1, 2020 – Carbon Pulse

Verified emissions in the EU ETS dropped by slightly more than expected in 2019, analysts said Wednesday following the publication of preliminary, like-for-like but partially incomplete data.



ECOSECURITIES IN THE NEWS

Carbon pioneer bets big on aviation emissions trading

November 11, 2019 – Financial Times

EXCLUSIVE – Developers Assemble: EcoSecurities alumni regroup to relaunch iconic offset firm for new era of carbon markets

November 6, 2019 – Carbon Pulse

PRESS RELEASES

Active Observer for PSOs - Developing countries constituency

March 13, 2020

EcoSecurities was invited to participate in the GCF Board Meetings, as its CEO Pablo Fernandez is an Active Observer for Private Sector Organisations.



FOCUS OF THE MONTH: CORSIA

CONTEXT

International aviation is one of the only two sectors that were not covered by the 2015 Paris Agreement. While civilian air travel represents 2-3% of total global emissions, the sector's carbon footprint is expected to dramatically soar in the upcoming decade. Aware of its impact, the International Civil Aviation Organization (ICAO) and its members committed in 2013 that the international aviation sector will achieve carbon-neutral growth from 2021 to 2035, using as a baseline the average emissions from 2019-2020.

In 2016, the ICAO launched the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), a key tool and programme for reducing carbon emissions caused by international aviation and for achieving carbon neutral growth. CORSIA will enable airlines to purchase carbon offsets to meet their obligations. The first pilot phase of the program will run from 2021 through 2023 with voluntary participation of its members. As of March 2020, 82 of the 193 ICAO members have committed to join.

WHAT'S NEW?

From 2-20 March 2020, the ICAO organized a series of Council meetings in Montréal to define and agree on the emission units that will be eligible for the pilot phase. There has been a lot of debate and speculation around the fact that carbon-neutral growth can only be achieved through CORSIA if enough eligible offsets are available to meet the international aviation sector's demand,

while being small enough to encourage additional activities to further reducing emissions.

Following recommendations from the Technical Advisory Body (TAB), the eligible emissions units for the 2021-2023 pilot phase were approved for the following six programmes:

- American Carbon Registry
- China GHG Voluntary Emission Reduction Program
- Clean Development Mechanism
- Climate Action Reserve
- The Gold Standard
- Verified Carbon Standard

Approved emissions units will be issued to activities which started as of 1 January 2016 and occurring through 31 December 2020.

WHAT'S NEXT?

With the definition of the offsetting programmes and vintage restriction, CORSIA is ready for its pilot phase. From the latest estimates from EcoSystem Marketplace, current and expected supplies are 3.7 to 5.4 times higher than CAO's February 2019 demand forecasted.

However, with the current COVID-19 crisis, air travels have been drastically reduced which is projected to result in a far lower-than-expected 2019-2020 baseline, followed by a rebound increase in traffic in 2021. To avoid a dramatic increase in their future offset obligations, airlines have recently urged to alter the CORSIA baseline to account for this significant cut in flights.

Find out more!

<https://www.icao.int/Newsroom/Pages/ICAO-Council-adopts-CORSIA-emissions-units.aspx>

CORSIA IS A KEY TOOL AND PROGRAMME FOR REDUCING CARBON EMISSIONS CAUSED BY INTERNATIONAL AVIATION AND FOR ACHIEVING CARBON NEUTRAL GROWTH

"With the Council's approval of eligible emissions units, ICAO now has all of the pieces in place to implement CORSIA.", said Jane Hupe, ICAO Deputy Director of Environment.

EcoSecurities is a pioneer in carbon markets and greenhouse gas (GHG) mitigation projects worldwide. We are experts in sourcing, developing and financing projects with a positive environmental impact. Founded in 1997, EcoSecurities grew to become the largest and most influential company in this sector. Today, EcoSecurities is an Environmental finance boutique, with an international presence in 5 continents and a portfolio of more than 100 projects capable of generating carbon credits. EcoSecurities provides technical and financial services to projects, companies and governments. We bring access to environmental markets such as carbon markets, renewable energy certificates, plastic recycling credits, etc.

Some of the main solutions we may offer are:

- Services related to Carbon and climate corporate strategies (design and implementation of climate strategies, CDP, GRI related services)
- Carbon and plastic corporate footprints
- Carbon emission abatement plans and neutralisation plans
- Corporate compliance plans to local carbon pricing
- Project identification and financial and feasibility assessment
- Project Structuring and Project Finance studies
- Offset project development (new methodologies, project cycle activities, portfolio management)
- Project procurement (for buyers and users)
- Marketing of offsets (for sellers and project developers)
- support on structuring and negotiations; Structured transactions
- Trade finance solutions
- Climate finance and environmental finance regional studies
- Design and implementation of carbon pricing schemes
- Design and implementation of EPR and reverse logistics schemes
- Corporate strategic review in a carbon constrained world



CONTACT

- If you are a **carbon offset project developer** and is seeking technical or commercial support, or if you are a **corporation looking for carbon offset solutions**, please contact: carbonoffset@ecosecurities.com
- If you are a **corporation looking for consultancy and advisory on climate solutions**, please contact: corporatesolutions@ecosecurities.com
- If you are a **government, NGO or international agency looking knowledge and experts** in climate finance, carbon pricing, carbon markets, please contact: info@ecosecurities.com
- For individuals looking for **job opportunities, partnership opportunities or climate solutions**, please contact: workwithus@ecosecurities.com



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