



Guiding principles for corporate climate leadership on the role of

NATURE-BASED

CL

SOLUTIONS

MATE



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**EXPONENTIAL
ROADMAP** INITIATIVE



INTRODUCTION



To limit global temperature rise to 1.5°C, the world must do four things. First, greenhouse gas emissions must halve by 2030. This is a gigantic challenge but it is feasible.

Second, emissions from farming, deforestation and other land use must reach net zero by 2030. This is also a colossal challenge but also feasible, as shown in the [Exponential Roadmap for Natural Climate Solutions](#) published in 2022.

Third, we must invest in protecting nature to store carbon.

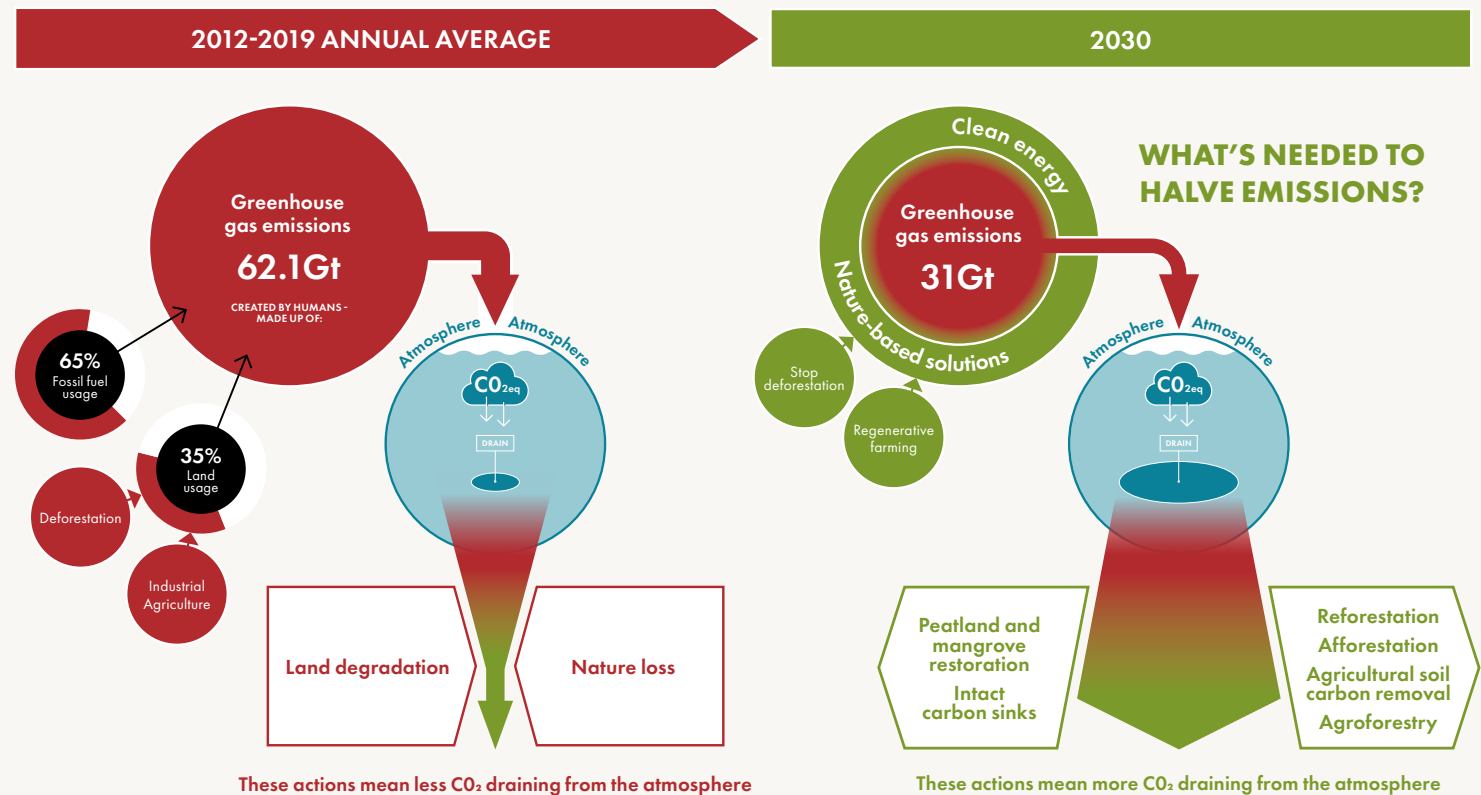
And fourth we need investment in carbon capture technologies.

It is becoming clear that we can only achieve the goals to halve global emissions and reach net zero land use if companies urgently scale up their investments in nature-based solutions both within and beyond their value chains.

This is what will make them corporate climate leaders.

CORPORATE LEADERSHIP IS URGENTLY NEEDED TO MAKE THIS HAPPEN.

HOW DO WE TACKLE CLIMATE CHANGE?



This infographic draws from: [The Food and Land Use Coalition report: Why Nature? Why Now?](#)

To limit global temperature rise to 1.5°C companies must scale up investments in protecting and restoring nature beyond their value chains

Companies must cut the amount of greenhouse gas emissions their business activities produce, across their value chains, in line with science. This requires cutting emissions by at least 90% through actions such as switching to clean energy and transport, eliminating deforestation from supply chains and transitioning to regenerative food systems.

But it is becoming clear that we are unlikely to keep the goals of the Paris Agreement in reach without also significantly scaling up investments in protecting and restoring nature beyond companies' value chains. Therefore, corporate leaders have an additional imperative to contribute to global net zero and to nature-positive goals by, for instance, purchasing high quality carbon credits on the voluntary carbon markets to support nature-based solutions.

This means that a credible climate transition plan, the framework detailing the near-term action a company is taking to achieve its climate goals, should include investments in nature-based solutions beyond the company's value chain as well as actions to cut emissions within the value chain.

These principles aim to help companies navigate the credible use of nature-based solutions to achieve their climate goals.

They draw on best practice from existing guidance documents and multi-stakeholder initiatives such as the [Race to Zero, Voluntary Carbon Markets Integrity Initiative \(VCMI\)](#), [Together With Nature](#) and the [Science Based Targets initiative \(SBTi\)](#). They also build on the [1.5 Business Playbook](#). They are aligned with the [recommendations from the High-Level Expert Group on Net Zero](#) launched at COP27.

The development of these principles was led by the We Mean Business Coalition Secretariat, the Exponential Roadmap Initiative and the Potsdam Institute for Climate Impact Research (PIK). Collaborators and supporters of this paper include Business for Nature, the Environmental Defense Fund, the World Resources Institute, Conservation International, Race to Zero, Nature4Climate, the Natural Climate Solutions Alliance and We Mean Business Coalition Partners. To achieve your company's 1.5°C climate ambitions in line with the Paris Agreement, we urge you to follow them.

What are nature-based solutions?

For the purposes of these principles, we focus on nature-based solutions for climate. That means solutions that both reduce emissions and help communities adapt to potential climate impacts. They also bring benefits for biodiversity and human

wellbeing by improving the health of ecosystems and their ability to provide multiple services to humans. These [nature-based solutions](#) for climate, therefore fall within the United Nations' broader definition of nature-based solutions.

WHO ARE THESE PRINCIPLES FOR?

THESE PRINCIPLES ARE FOR COMPANIES LOOKING TO ESTABLISH THEMSELVES AS CORPORATE CLIMATE LEADERS.

The principles are a framework for corporate leaders to cut emissions in their value chains and go further to invest in protecting and restoring nature beyond their value chains – including through purchasing high quality carbon credits.

Corporate climate action must be complemented by responsible policy engagement that aligns with the 1.5°C ambition as outlined in the 1.5°C Business Playbook and accelerates climate and nature action in society.

By also investing in high quality nature-based solutions for climate, companies will build climate resilience, contribute to protecting and enhancing biodiversity and the many benefits that healthy ecosystems provide to people, and contribute to the fulfilment of the UN's Sustainable Development Goals.

The principles focus on immediate actions companies should take to accelerate leadership on nature-based solutions for climate. They complement emerging initiatives focused on biodiversity and nature protection, such as Science Based Targets for Nature, that help define boundaries companies must operate within to help accelerate the transition to an equitable, net zero and nature-positive world.



For comprehensive guidance on all the steps to climate leadership, from aligning a company's ambition with 1.5°C to cutting emissions throughout the value chain and advocating responsibly, visit the **The 4A's of Climate Leadership**.



By following all the steps in The 4 A's of Climate Leadership, companies will have a credible climate transition action plan in place which details the near-term actions they will take to achieve their climate goals.





THE PRINCIPLES...

PRINCIPLE.1

REDUCE EMISSIONS IN YOUR OWN
BUSINESS AS QUICKLY AS POSSIBLE

PRINCIPLE.2

CUT LAND-BASED EMISSIONS
IN YOUR VALUE CHAIN

PRINCIPLE.3

INVEST IN NATURE-BASED SOLUTIONS
BEYOND YOUR VALUE CHAIN

PRINCIPLE.4

ENSURE RESPONSIBLE POLICY ENGAGEMENT
ON CLIMATE AND NATURE

PRINCIPLE.5

REPORT AND COMMUNICATE
TRANSPARENTLY



PRINCIPLE.1

REDUCE EMISSIONS IN YOUR OWN
BUSINESS AS QUICKLY AS POSSIBLE



The basic foundation for credible corporate climate leadership is for a company to set short and long-term 1.5°C-aligned science-based emissions reduction targets and develop a climate transition action plan.

The plan must detail the actions that a company will take to achieve emissions reductions, while neutralizing any emissions that cannot be cut through carbon removal (which can be through nature-based solutions for climate or carbon removal technology if available) once the company has reduced its emissions by at least 90%.



PRINCIPLE.2

CUT LAND-BASED EMISSIONS IN YOUR VALUE CHAIN



As a core component of any decarbonization strategy, companies should address land-based emissions within their value chains.

Companies must develop specific targets, strategies, and actions to cut their emissions through better protecting, managing and restoring nature within their value chains as part of their overall emissions reductions target.



ACTIONS SHOULD INCLUDE:

1. Conduct an inventory of agriculture, forestry, and other land-use emissions. Set food, land and agriculture (FLAG) targets, for example through the Science Based Targets initiative. Eliminate deforestation from company supply chains as quickly as possible and support landscape and jurisdictional action in the regions or landscapes you source raw materials from.
2. Shift to sourcing forest and food commodities produced using regenerative agriculture and sustainable forestry practices which deliver positive outcomes for climate but also for people, nature and biodiversity.
3. Mobilize additional levers to transform global food systems and drastically reduce emissions through actions like reducing food waste and supporting the transition to healthier plant-rich diets.
4. Ensure that the company's influence towards consumers encourages sustainable lifestyles. From new product development to manufacturing, marketing, advertising and ultimately the repair, reuse and disposal of products. All stages of a product's journey must be adapted to ensure they are positive for people, nature and climate.

PRINCIPLE.3

INVEST IN NATURE-BASED SOLUTIONS FOR CLIMATE BEYOND YOUR VALUE CHAIN

In addition to cutting greenhouse gas emissions in company operations and across value chains, to help get the world on track for halving global emissions by 2030, all companies need to invest in protecting, managing and restoring nature, for example by buying high quality carbon credits aligned with the [NCS hierarchy](#).

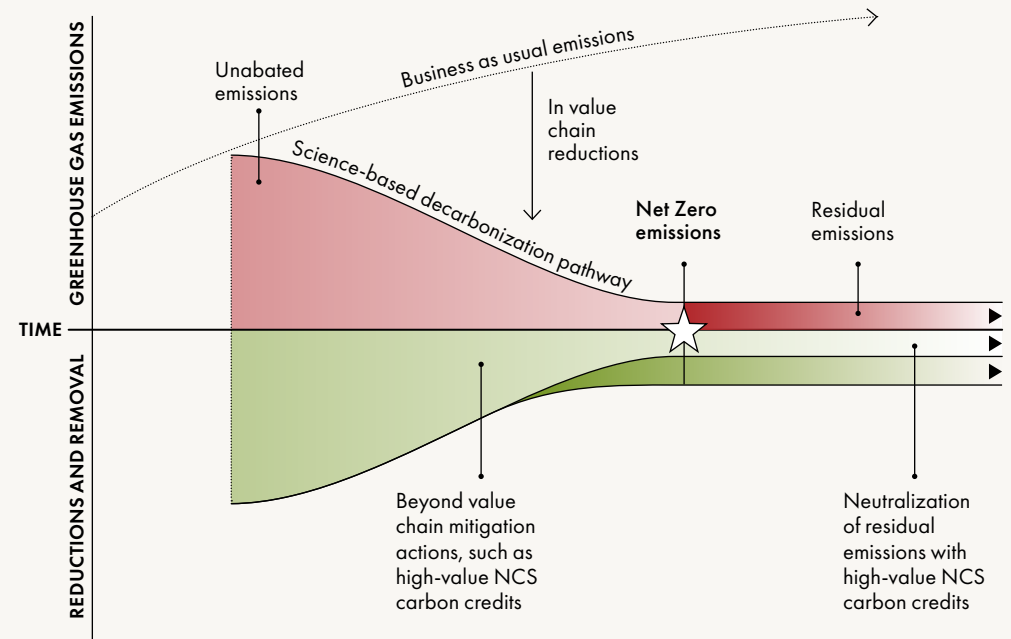
Every year, companies should invest in nature-based climate solutions, preferably at a level equivalent to at least their emissions not yet cut (these are known as unabated emissions).

[VCMI's Provisional Claims Code of Practice](#) requires that companies purchase carbon credits each year to cover at least 20% of their unabated emissions. It also incentivizes the many sectors that can go much further by purchasing credits that balance 100% or more.

If the world's top 1,700 emitters compensated for just 10% of their annual unabated value chain emissions, it could preserve more than 10% of the remaining 1.5°C carbon budget. It could also raise up to \$1 trillion in finance for nature protection by 2030.

The role of investing in high quality carbon credits as part of a company's climate plan

Companies should invest in nature-based climate solutions each year at a level equivalent with the value chain emissions they have not yet cut (unabated emissions). When they reach net zero they must also neutralize any remaining (residual) emissions using carbon removals and nature-based climate solutions.



Graph: Natural Climate Solutions Alliance

Crucially, these investments should not be considered to offset those emissions which the company has committed to cut in line with science-based targets. These are investments which go beyond a company's own necessary greenhouse gas reductions within their value chain as they work to cut their emissions at the pace defined by their science-aligned target.

- Nature-based solutions should be prioritized by companies in their efforts to cut emissions beyond their value chains and through carbon markets, since they currently receive just 3% of climate finance despite representing about 30% of the climate solution. Because the land sector is significantly underfunded, companies should prioritize purchasing carbon credits that support high quality nature-based solutions – such as jurisdictional REDD+. Read more about why investments in nature are needed now.
- Investments in carbon credits for nature-based solutions for climate must be of high quality, contributing to local livelihoods, conserving or enhancing biodiversity and providing the many other benefits that healthy ecosystems bring to people, and recognizing the rights of Indigenous Peoples and local communities.
- Companies should begin investing now in projects that will deliver credits at a future date. This will ensure adequate up-front capital is available to give nature-based solutions projects the time they need to grow and thereby reach their potential.
- We encourage companies to also consider other forms of investment beyond their value chains such as technological carbon removals. And while carbon markets are a critical mechanism for channelling funds to nature-based solutions, companies should also consider other forms of investment into nature that do not generate carbon credits.
- Over time, companies will need to shift from buying credits that avoid emissions – for example reducing tropical deforestation – to buying credits that remove carbon from the atmosphere – for example through reforestation or ecological restoration.



PRINCIPLE.4

ENSURE RESPONSIBLE POLICY ENGAGEMENT ON CLIMATE AND NATURE



Companies must align their advocacy and lobbying activities in support of global climate and nature goals. They must ensure their direct lobbying and the activities of any industry groups and business associations they are members of are aligned with the Race to Zero criteria.

Advocating for nature-positive policies is particularly important because the root causes of nature loss are often embedded in perverse policy incentives, subsidies and weak governance. Because nature loss increases emissions and reduces nature's ability to absorb carbon and respond to climate-related impacts like storms and floods, companies should integrate nature-positive policy advocacy as a key component of their climate policy engagement efforts.



PRINCIPLE.5

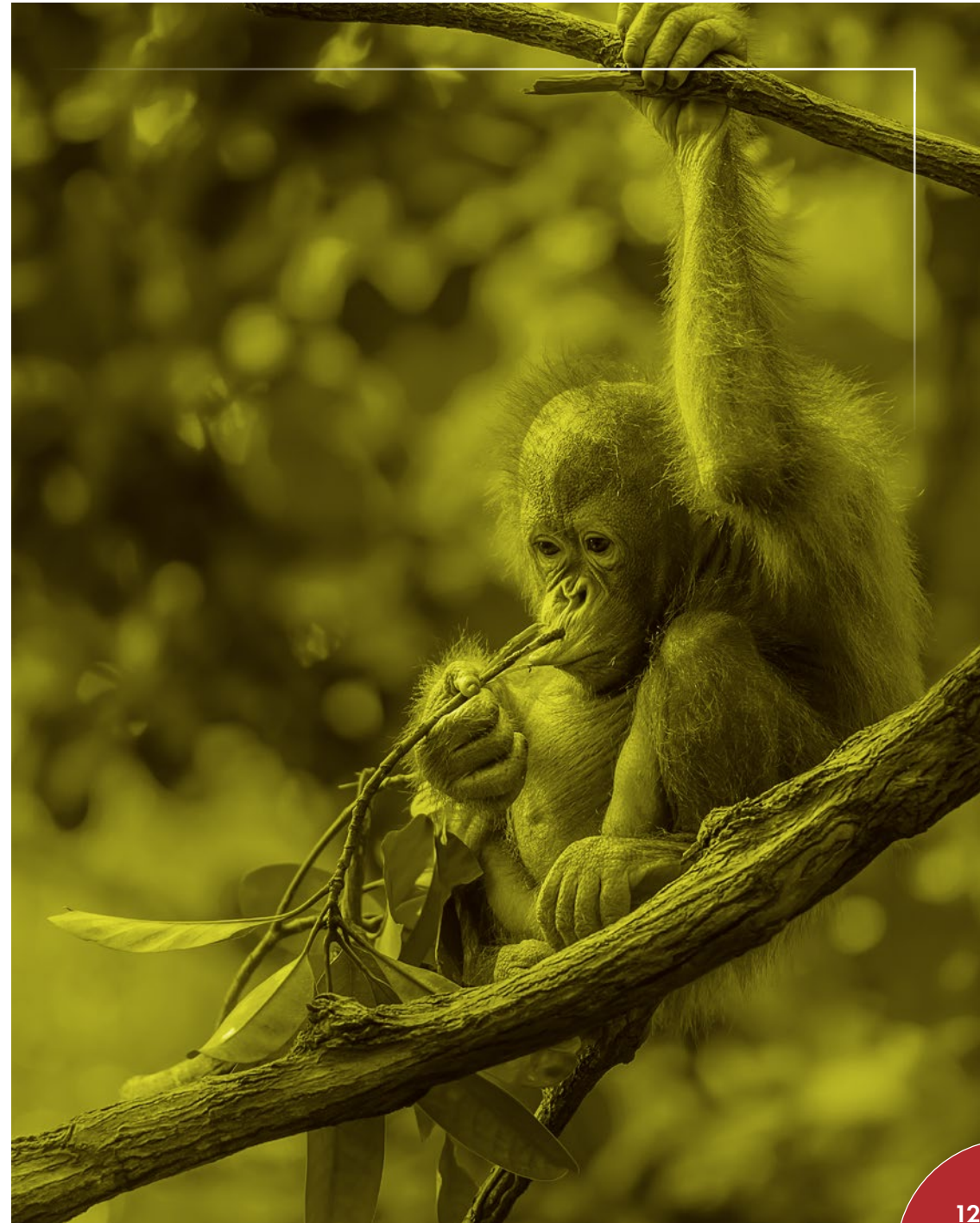
REPORT AND COMMUNICATE TRANSPARENTLY



Alongside measuring greenhouse gas emissions annually and developing plans for achieving science-based emissions reduction targets, companies must report transparently on any beyond value chain mitigation investments and volumes aligned with the best available reporting practices through platforms such as CDP.

Companies should clearly state the quantity of nature-based climate solution credits purchased as a percentage of annual unabated value chain emissions. They should also describe any other investments in nature protection or restoration.

Disclosing investments in carbon credits or other nature projects beyond the company's value chain must be reported separately and independently from the company's annual greenhouse gas emissions reports. Carbon credit purchases should not be considered as a traditional 'offset' and should only be used in addition – not as a substitute – to urgent and deep decarbonization.



HOW TO TAKE ACTION



A COMPENDIUM OF ACTION-ORIENTED RESOURCES

ROADMAP

- [Exponential Roadmap for Nature Climate Solutions](#)

SETTING CLIMATE TARGETS

- [Science Based Targets initiative- Food, Land and Agriculture Guidance](#)
- [Race to Zero](#)
- [Exponential Roadmap Initiative](#)
- [1.5°C Business Playbook](#)
- [Climate Pledge](#)

SETTING NATURE-RELATED TARGETS

- [Science Based Targets for Nature that are “measurable, actionable, and time-bound objectives, based on the best available science, that allow actors to align with Earth’s limits and societal sustainability goals.”](#)
- [Capitals Coalition](#)
- [High-level Business Actions on Nature](#)
- [Accountability Framework](#)
- [Race to Zero 2030 Nature Breakthroughs](#)
- [Race to Zero scaling NBS commitment](#)

CARBON ACCOUNTING

- [GHG Protocol](#)
- [GHG Protocol Land Sector and Removals Guidance](#)

CARBON CREDIT QUALITY

- [Tropical Forest Credit Integrity Guide](#)
- [Integrity Council for Voluntary Carbon Markets](#)
- [Natural Climate Solutions for Corporates](#)
- [Natural Climate Solutions Hierarchy](#)

DEMAND-SIDE INTEGRITY

- [Voluntary Carbon Markets Integrity Initiative](#)
- [Guidance on Voluntary Use of Nature-based Solution Carbon Credits Through 2040](#)

BUSINESS PLATFORMS

- [Natural Climate Solutions Alliance](#)
- [Business Alliance to Scale Climate Solutions](#)
- [Business for Nature](#)

DISCLOSURE

- [Taskforce on Climate-Related Financial Disclosure](#)
- [Taskforce on Nature-related Financial Disclosure](#)
- [Voluntary Carbon Markets Integrity Initiative](#)
- [CDP](#)

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